Weekend FT

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NEWSPAPER of THE YEAR

# FINANCIAL TIMES

Weekend August 1/August 2 1992 — EUROPE'S BUSINESS NEWSPAPER — D 8523A

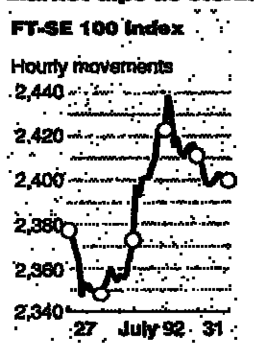
## Channel 4 fined for not revealing Ulster source

Channel 4 escaped possible sequestration of its assets and the threat of closure for refusing to reveal the source behind a television documentary on Ulster. Instead, the television channel and the programme's producer, Box Productions, were fined £75,000 in the High Court. They face costs estimated at between £150,000 and £200,000. Page 22

**Airbus crashes:** A Thai Airways Airbus on a flight from Bangkok to Nepal crashed in forest shortly before it was due to land. There were 113 people on board. Rescuers were trying to reach the site. In east China, a Yak-42 airliner carrying 116 passengers and 10 crew crashed on takeoff from Nanjing airport, killing 100. Kennedy Airport escape, Page 2

**Weightlifters passed drugs test:** British weightlifters Andrew Saxton and Andrew Davies, sent home from the Barcelona Olympics for failing drugs tests in the UK, could be allowed back. Both had passed International Weightlifting Federation tests at the games. Olympics, Weekend Page VI

**Market dips as sterling weakens**




The FT-SE Index finally lost a struggle to regain the 2,400 mark, which had been abandoned early in yesterday's session. After edging briefly higher, the market dipped sharply as sterling weakened against the D-Mark. At the day's low point, the Footsie touched 2,396.8 and closed 12 points down at 2,399.6. London stocks, Page 13, Markets, Weekend II

**Inkatha attacks ANC:** South Africa's mainly Zulu Inkatha Freedom party strongly attacked the African National Congress "mass action" campaign, urging supporters to defy the general strike called for Monday. Page 3

**US orders up:** US factory orders rose 2.3 per cent in June – their biggest gain in 11 months, but personal incomes failed to grow at all after four months of very modest increases. Page 2

**McDonnell Douglas earnings down:** Financially stretched US aerospace group McDonnell Douglas reported a 51 per cent drop in second-quarter earnings to $38m, (£19.8m), higher-than-expected costs on an airliner production programme and a reversal of its recent success in lowering its debt-to-equity ratio. Page 10

**Airport contract:** A consortium of Japanese, US and European companies has been provisionally awarded a HK$9bn (£600m) contract to carry out reclamation and site preparation for Hong Kong's Chek Lap Kok airport. Page 3

**Agreed bid for Templeton, Galbraith:** London-listed and Bahamas-based international fund management company Templeton, Galbraith Hansberger, is being acquired by Franklin Resources Incorporated, California-based fund manager, in an agreed deal valued at $913m (£478m). Page 8

**Lloyds profits up:** Lloyds Bank, smallest of the Big Four UK clearers by asset size, reported an 11 per cent rise in first half pre-tax profits to £369m due largely to lower provisions against bad debts. Page 8

**Cadbury backed:** The London Stock Exchange endorsed recommendations from the Cadbury committee to improve the performance of company boards and said it might make one recommendation – that balance sheet information be included in interim financial reports – a condition of listing. Page 4

**End of Blue Arrow case:** The Serious Fraud Office has abandoned its Blue Arrow prosecution by dropping proceedings against four City advisers charged with fraud over the affair. Page 22

**Poll tax lives on:** One local authority in 12 expects to be collecting poll tax arrears until 2000, even though the tax will be replaced by the property-based council tax in April. Page 4

**Leonard Cheshire,** Leonard Cheshire, Second World War bomber pilot who won the Victoria Cross and then founded a worldwide organisation to care for the disabled, died aged 74.

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100 | 2,399.6 | (−12.0) |
| Yield | 5.10 | |
| FT-SE Eurotrack 100 | 1,067.77 | (−1.15) |
| FT-A All-Share | 1,143.14 | (−0.5%) |
| Nikkei | 15,910.28 | (+354.88) |
| New York: lunchtime | | |
| Dow Jones Ind Ave | 3,398.75 | (+4.86) |
| S&P Composite | 424.09 | (+0.17) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds | 3¼% |
| 3-mo Treas Bills: Yld | 3.229% |
| Long Bond | 106¹¹⁄₃₂ |
| Yield | 7.432% |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 10⅛% | (10⁵⁄₁₆%) |
| Liffe long gilt future | Sep 98⁷⁄₃₂ | (Sep 97¹¹⁄₁₆) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (Sep) | $20.375 | (20.5) |

**Gold**

| | | |
|---|---|---|
| New York Comex (Aug) | $357.4 | (356.5) |
| London | $357.95 | (356.6) |

**STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.9215 | |
| London: | | |
| $ | 1.92 | (1.919) |
| DM | 2.8425 | (same) |
| FFr | 9.685 | (9.6) |
| SFr | 2.5325 | (2.535) |
| Y | 244.5 | (245) |
| £ Index | 92.3 | (same) |

**DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.4775 | |
| FFr | 4.9925 | |
| SFr | 1.316 | |
| Y | 127.25 | |
| London: | | |
| DM | 1.48 | (1.4815) |
| FFr | 5.0025 | (same) |
| SFr | 1.3185 | (1.3215) |
| Y | 127.35 | (127.65) |
| $ Index | 60.3 | (60.5) |
| Tokyo close Y 127.3 | | |

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# Monopoly probe into British Gas

By Neil Buckley

THE SIMMERING row between British Gas and the industry regulator Ofgas erupted into the open yesterday as Mr Michael Heseltine, trade and industry secretary, agreed to a review of the UK gas market by the Monopolies and Mergers Commission.

Yesterday's surprise move, requested by British Gas, was triggered by disagreements between Ofgas and British Gas over rates of return on the privatised utility's pipeline and storage business.

But it is the culmination of several years of strained relations between British Gas, the government and regulators which the utility said yesterday had "made medium and long-term planning extremely difficult".

Mr Cedric Brown asked Mr Heseltine for the referral yesterday morning – only hours before he was due to take over as chief executive of British Gas following the decision by Mr Robert Evans, chairman and chief executive, to split the two roles.

Mr Brown yesterday claimed conflicting demands between Ofgas and the Office of Fair Trading, which imposed a wide range of changes on the industry early this year, sometimes led to confusion. Customers and independent suppliers were now demanding more consultation time.

It is the first time a privatised utility has opted to subject itself to an MMC investigation.

British gas is not the only utility to have a turbulent relationship since the start of the privatisation process in the early 1980s. British Telecom, for example, has been to the brink of an MMC referal but always drawn back.

For British Gas, it is a high-risk strategy which analysts suggested might result in the break-up of the company. The government's decision to agree to British Gas's request to be privatised as a single unit in 1986 is bound to be questioned.

An MMC inquiry will mean months of intense scrutiny of all aspects of British Gas's business and a period of prolonged uncertainty for shareholders. The MMC could empower Mr Heseltine to modify the Gas Act, under which British Gas was privatised.

British Gas agreed to demands from the Office of Fair Trading earlier this year to hive off its transportation and storage business into an arms-length subsidiary by 1994, and to publish new pricing schedules for independent shippers using British Gas pipelines by this September.

But it has insisted that tariffs should allow the company to earn a fair rate of return on its pipeline assets. It says that is 6.7 per cent on existing assets, and 10.8 per cent on new investment, otherwise, investment in pipeline by British Gas and its competitors could be threatened.

Mr Brown yesterday accused Sir James McKinnon, director general of Ofgas, of "ducking the issue" and refusing even to consider raising the rate of return above the current level of 4.5 per cent – a move which might mean higher prices for gas consumers.

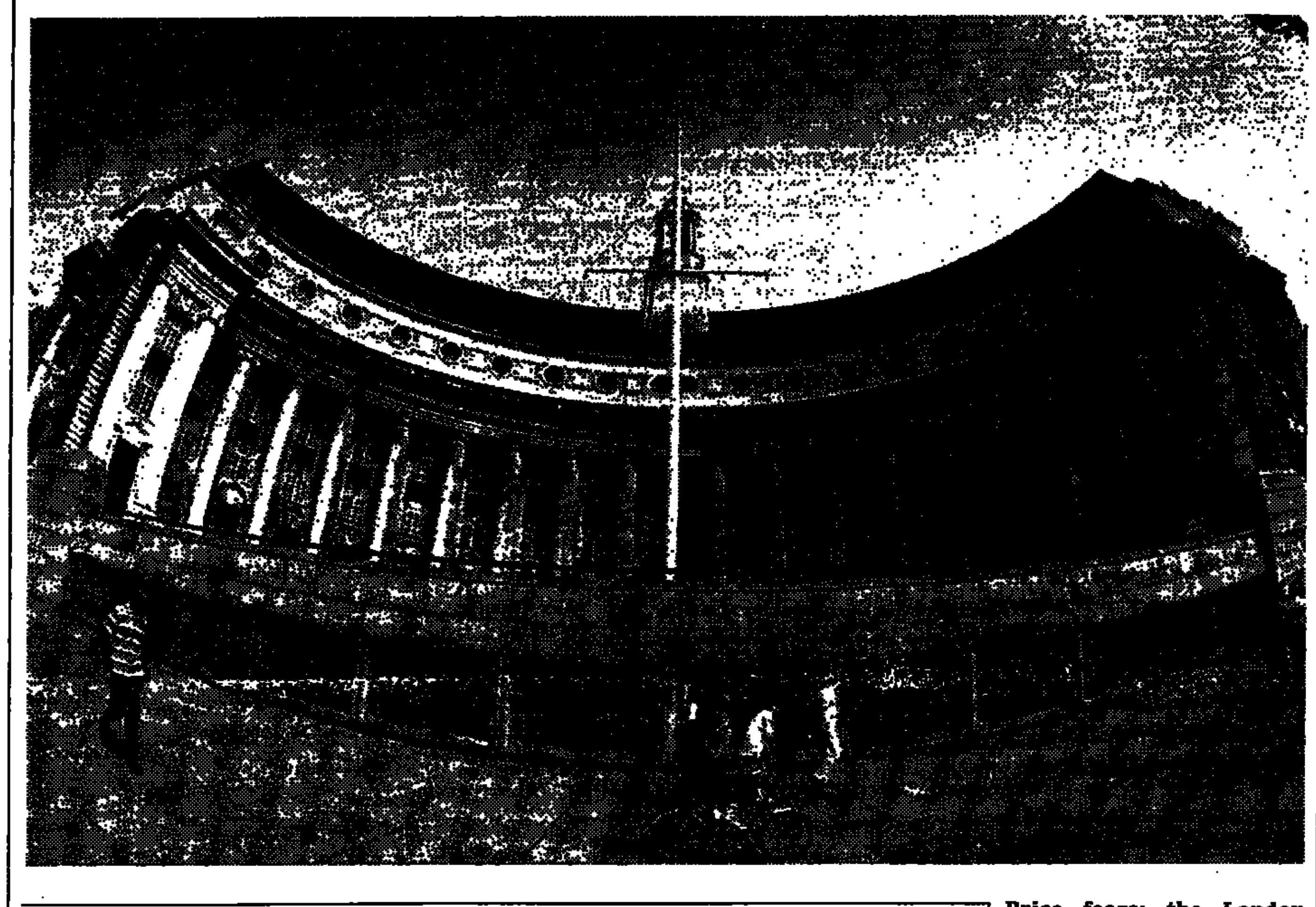
"I have held three meetings with Sir James McKinnon during which he refused even to begin talking about the rate of return issue, but suggested this was something that should be handled by the MMC."

Mr Brown said that without agreement on the pipeline issue, it was impossible to implement other agreements reached with the OFT and Ofgas in a "piecemeal fashion". He had therefore concluded the MMC should review the whole gas market.

Mr John Dorken, deputy director general of Ofgas, last night attacked what he called British Gas's "misrepresentation".

"It was quite clear that British Gas's proposals were unacceptable to us. Our view was that rather than have a long, long debate about this, it was better to have them debated by the MMC."

Ofgas itself asked the MMC yesterday to investigate the transportation and storage business, but its request was overtaken by Mr Heseltine's decision to widen the inquiry.



Price fears: the London School of Economics yesterday bid £65m for County Hall, in London. It wants to move there from its present site but some governors are worried that the cost may be too great for the university's finances. Report, Page 22

Picture: Trevor Humphries

# Brussels clears way for Twyford Down road plan

By Bronwen Maddox, Environment Correspondent in London and Andrew Hill in Brussels

THE 20-YEAR battle to save Twyford Down in Hampshire ended in failure last night as the European Commission gave the go-ahead to the government's controversial scheme to extend the M3 motorway.

The commission dropped legal actions against the Twyford Down project and four other UK building projects for alleged breaches of EC environmental rules. The move is likely to reduce UK accusations that Brussels is interfering too much in environmental policy.

Brussels officials denied suggestions that the decision marked a climbdown to avoid embarrassing the UK during its six-month presidency of the EC.

The four projects apart from Twyford Down which will now go ahead are the Channel Tunnel rail link, including the terminal at King's Cross, London; the M11 link road at Hackney, east London; an incinerator at South Warwick Hospital and a soft-drinks plant and can-making factory at Brackmills, Northampton.

However Brussels, which is still at loggerheads with London over the scope of EC rules, yesterday took one step further toward bringing legal action against two other UK construction projects.

Last October the then-EC environment commissioner Mr Carlo Ripa di Meana provoked a fierce row between Brussels and London when he said work on the five projects should be halted because surveys on the environmental impact, required by a 1985 EC directive, had not been carried out.

The UK has since convinced the Commission that the environmental impact had been adequately considered. Mr Michael Howard, secretary of state for the environment, said yesterday: "I am pleased that they now accept how comprehensive our approval procedures were."

Mr David Croker, chairman of the Twyford Down Association, who has campaigned for nine years to preserve the beauty spot, said last night: "It looks like the end of an era."

Brussels is still threatening legal action over two projects where it says Britain did not follow proper procedure – the East London River Crossing through Oxleas Wood and the extension of a British Petroleum refinery in the Scottish city of Falkirk.

## Treasury and Bank step up defence of sterling

By Peter Norman and James Blitz

THE UK TREASURY and the Bank of England yesterday stepped up their defence of the pound's position in the European exchange rate mechanism in the face of renewed weakness on European currency markets.

Mr Robin Leigh-Pemberton, the Bank's governor, moved swiftly to counter damage to sterling following Thursday's criticism of its high value in the ERM from Mr Brian Pearse, Midland Bank's chief executive, and Sir Denys Henderson, ICI chairman.

The UK monetary authorities were "absolutely determined not to tolerate inflation", Mr Leigh-Pemberton said. "This is why our commitment to the ERM is so important and unwavering as a means to that end."

Earlier, in an interview with the Daily Express, Mr Norman Lamont, the chancellor of the exchequer, repeated his opposition to devaluation. It was "fool's gold", he said, and would lead to higher, not lower, interest rates.

Dealers said both the Bank of England and the Bank of Portugal intervened in yesterday's foreign exchange market trading, buying sterling after it fell below its permitted floor against the Portuguese escudo, which is the strongest ERM currency.

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## Bangkok driven potty as traffic jams grow longer

By Victor Mallet in Bangkok

DON'T LEAVE home without one – a potty, that is – drivers in Bangkok have been warned by the Thai government. They should also take emergency supplies of food and water.

This alarmist advice follows a week in which Thailand's capital, already famous for its traffic jams, excelled itself.

A series of nightmare snarl-ups caused by monsoon rains paralysed the city for hours, stranded some children at school until after midnight and delayed international flights, prompting the government to advise drivers to carry rations and chamber pots – just in case.

Commuters took up to six hours to drive a few kilometres to their homes; on most routes there is no alternative to road transport.

At one school in north Bangkok parents started arriving to collect their children only at 11pm on Wednesday; the last pupil left at 2am the following morning. The jams played havoc with airline schedules because passengers and aircrew alike were unable to reach the airport.

The immediate cause of the chaos was the rain but the real culprits are the successive Thai governments, which have doggedly refused to plan the capital's growth or build new public transport networks.

Wednesday evening's congestion, exacerbated by the flooding of the airport road and by cars running out of petrol after hours of crawling through the streets, was possibly the worst in the capital's history.

Bangkokians have developed a peculiar culture to deal with the physical and mental strains of their predicament. Even people of relatively modest means employ a driver and use the back seat of the car as a secondary office, complete with newspapers, a mobile telephone and sometimes a television.

An invitation to lunch is followed by a period of delicate negotiation. Each party attempts to name a restaurant close to his or her own office, and the loser is permitted to be late and to boast of the appalling traffic jam which trapped him.

Traffic lights often simply add to the misery. Many are operated by hand, and one set has been known to take 18 minutes to change.

Motorcycle taxi drivers, organised into gangs with different territories, have developed a lucrative trade, weaving in and out of lines of stationary cars and buses. Their passengers are either too hurried or too carefree to heed the dangers of driving in Bangkok without a crash helmet.

Immaculately groomed secretaries sit side-saddle behind the driver (usually only the drivers' girlfriends or foreign women straddle the pillion), their legs dangling perilously close to the other vehicles and their minds apparently oblivious to the noise and exhaust fumes. But even

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Austria Sch30; Bahrain Din1 000, Bermuda $1 65, Belgium BFr60; China FEC 12; Canada C$1 40; Cyprus C£1 00, Czechoslovakia Kcs35, Denmark DKr14 00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$18, Hungary Ft182; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1 20; Korea Won 2500; Kuwait Fils 500; Lebanon US$1 25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11 00; Nigeria Naira20 00, Netherlands Fl3.50; Norway Nkr15.00; Oman OR1 20; Pakistan Rs35; Philippines Pso 45, Poland Zl 18000, Portugal Esc190, Qatar QR10 00; S.Arabia Rls9.00, Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3 00; Taiwan NT$85, Thailand Bht50; Tunisia Din1 000, Turkey L6000; UAE Dh9 00; USA $1.25 (Alaska & Hawaii $1.75)

# Fumbling Bush assailed by bad news on all sides

## Opinion polls give Clinton one of the biggest leads in history. **Jurek Martin** assesses their import

THIS WEEK'S opinion polls make chilling reading for President George Bush's hopes for re-election.

The state polls are even more ominous than the national polls and the now almost daily blasts of disaffection from conservative Republicans.

Mr Bush knows he is behind and is trying to make a virtue of it on his campaign swing through Texas and California, portraying himself as an underdog with right and experience on his side. Holidays in Maine have been cancelled.

But only Harry Truman in 1948 has eliminated a deficit as large as that by which Mr Bush now trails Mr Bill Clinton, the Democratic nominee, and that was in the infancy of polling. Gerald Ford nearly did so in 1976 against Jimmy Carter, but fell two points short.

Moreover, this contest will be determined in the Electoral College, in which, Maine and Nebraska curiously excepted, the winner of a state gets all the votes. They key to Republican success in five of the last six elections has been to lock up large blocs of the country, particularly the south and most of the west.

This strategy now looks vulnerable. As tabulated by The Hotline, the invaluable daily political newsletter, the nine latest scattered state surveys put Mr Clinton ahead everywhere. In only North Dakota and Virginia do his four- and seven-point respective leads fall within the pollsters' usual margins of error.

His biggest advantages are in the two largest states; Mr Clinton leads in California by 62-28 per cent and in New York by 58-28 per cent. Mr Bush is even behind in Orange County, California, where Democrats are eaten for breakfast.

The news from important "swing" states is equally bad. In North Carolina, Mr Clinton leads by 53-34 per cent, in Missouri by 57-29 per cent, in Washington by 56-32 per cent and in Minnesota, with a stronger Democratic tradition, by 60-31 per cent. Even the supposedly solid south-west looks shaky. In Arizona, for example, Mr Clinton holds a 50-37 per cent edge.

> Mr Bush is even behind in Orange County, California, where Democrats are eaten for breakfast

The current polls may overstate Mr Clinton's strength as much as those taken before the Democratic convention and Mr Ross Perot's withdrawal, showing him leading in only two of the 50 states, underestimated it, though the race then was three-way.

At the moment they reflect the desertion to Mr Clinton, not to Mr Bush, of the Perot volunteer army (by a four-to-one margin in California, for example) and the perception that the Clinton-Gore campaign is on a real roll, while the Bush-Quayle team, whose very composition is being questioned, cannot find the starting gate.

But, for better or worse, polls are the means by which popularity is measured and which every politician uses to predict elections. For Mr Bush's more conservative and sometimes reluctant supporters, their message spells defeat.

Congressman Newt Gingrich of Georgia this week berated an optimistic Fred Malek, the Bush campaign strategist, saying he would be "a foolish person" to ignore a 62-28 per cent poll result. Congressman Vin Weber of Minnesota, cracked: "It is one thing to say there is a hurricane coming, it is another to see your basement flooding."

George Will, the columnist, really opened the gates on Wednesday by calling on the president to withdraw from the race. Since then, Richard Viguerie, a big conservative fundraiser, has demanded that Mr Bush back out and engineer a ticket headed by Jack Kemp, the housing secretary, with James Baker, the secretary of state, as running mate.

Mr Adam Myerson, of the Heritage Foundation, the rightwing think tank, confessed that "conservatives do not think a Clinton administration could be much worse than a Bush administration". Mr Burton Pines, from the same stable, added: "For all the talk of dumping Dan Quayle, we should be talking about dumping George Bush."

Mr Tommy Thomas, former Republican party chairman in Florida, paid for a full-page advertisement ($45,000) in the Washington Post calling on Mr Quayle to step down. He later said he wanted Mr Baker to run with Mr Bush, apparently forgetting that the law prevents both members of a ticket coming from the same state (though Mr Bush, whose legal residence in Texas is only a hotel room, could always declare he lived in Maine, while Mr Baker keeps a home in Wyoming).

One veteran Washington insider, who has worked with Mr Bush over the years, says the president has the sometimes distressing habit of heeding the advice of the last person he has spoken to in private. The conservative laments are public. Only James Baker, apart from Barbara Bush, has the clout and the access to tell the president what to do.

# Moscow makes a collective show of disunity

**By Leyla Boulton in Moscow**

THE Russian cabinet sat down in front of the world's press yesterday to show how united it was, then blew the whole thing.

The young radical reformers, fortuitously massed to the left of a long table, were conspicuous for the absence of their leader, Mr Yegor Gaidar, the acting prime minister.

Mr Vladimir Shumeiko, the first deputy prime minister made a show of taking charge, but opened the proceedings with a denial that he and other new "industrialists" in the cabinet were promoting a U-turn in economic policy.

Mr Gyorgy Khizha, one of the other new cabinet members, called for increased cash hand-outs as the main solution to the crippling debt crisis among enterprises, but Mr Anatoly Chubais, the deputy prime minister in charge of privatisation and "co-ordinating" economic reform, was quick to differ.

It was normal practice to increase working capital to keep up with inflation, but "any excessive" provision of new credit would trigger hyper-inflation, he said.

When Mr Shmako left open the possibility Russia might miss financial targets agreed with the International Monetary Fund ("We and the fund are clever people who can always find an accommodation"), Mr Alexander Shokhin, the deputy premier for foreign economic relations, stoutly defended the IMF accords.

"I'd like officially to declare that we are pursuing these targets not because they are demanded by the fund but because they are required by our own policies," he said. "We don't need hyper-inflation and a huge budget deficit."

The economic debate continues to be confused with arguments over external political influence. The Nezavisimaya Gazeta newspaper predicted yesterday that foreign minister Andrei Kozyrev's days in office were numbered because of his pro-western focus. He denied there were any problems.

But this still did not stop him from complaining minutes later that he had not even been consulted over the drafting of new regulations on the movement of foreigners within Russia – although he is in charge of operating them.

# Bundesbank hawk defends tough line

**By Christopher Parkes in Bonn**

ONE of the Bundesbank's leading anti-inflation hawks yesterday accused the government of failing to do enough to protect the D-Mark. He also confirmed that Mr Theo Waigel, finance minister, had tried to head off last month's controversial increase in the German discount rate.

"Unfortunately, the Bundesbank currently bears an over-heavy responsibility for the stability of the D-Mark, since pay and finance policies deny it the necessary support," Mr Lothar Müller, a member of the Bundesbank's policy-making central council, said in a letter.

The discount rate rise from 8 per cent to 8.75 per cent, imposed to bring money supply growth under control, was "necessary, suitable and moderate", he added.

Mr Müller, who is also president of the central bank of Bavaria, was replying to a sharp attack from Mr Erwin Huber, general secretary of the Christian Social Union. The CSU is a senior partner in the Bonn coalition. Led by Mr Theo Waigel, it sponsored Mr Müller's appointment to the Bundesbank council.

Mr Huber claimed in a newspaper interview yesterday that Mr Müller had defied the finance minister over interest rates and abused his office with a recent call for a referendum on the Maastricht treaties on European Union.

Mr Müller wrote to Mr Huber personally, saying he regretted going against Mr Waigel's wishes, but making plain that the Bundesbank council was politically independent and committed to maintaining the D-Mark's status and stability.

The attack, which signalled a determined effort to make Mr Müller toe the party line, if not remove him, came at the end of a week of unusually harsh complaints about the Bundesbank's latest move.

A study from the respected DIW economics institute in Berlin accused the central bank of pursuing a "misguided" monetary policy. The latest rate rise, intended to rein in money supply, would in fact increase it, and aggravate recessionary tendencies in west Germany.

The VDMA engineering industry association, reporting a 22 per cent fall in domestic orders for June, said the prolonged period of high interest rates was making matters worse. Bundesbank policy had reduced industry's room for manoeuvre, it added.

Although Mr Waigel has not objected publicly to the Bundesbank's strictures, he and the rest of the cabinet are under heavy pressure from European Community partners concerned that high German rates are reducing their chances of early economic recovery.

ALL 291 people aboard a TWA jet aircraft made a dramatic escape at Kennedy Airport yesterday within minutes of an aborted takeoff and fire that gutted the rear half of the plane, AP reports from San Francisco. At least 55 people were injured.

"It's amazing no one died on that thing," said Mr Tom Middlemiss, a Kennedy airport official.

The Lockheed L-1011, bound for San Francisco, caught fire as it sped down the runway. The pilot halted the takeoff which caused the plane to veer off the runway and crash through a barrier.

# Testimony damages Collor

**By Christina Lamb in Rio de Janeiro**

BRAZILIAN President Fernando Collor came closer to impeachment yesterday over charges that he received money obtained illicitly by businessman Paulo Cesar Farias.

The claim of Mr Claudio Vieira, a former Collor aide, that the money came from a $5m loan raised in Uruguay in 1989, was undermined again yesterday by testimony to the Congressional Inquiry (CPI) into Mr Farias. The secretary of a Sao Paulo businessman confirmed in detail that the loan was fabricated and that she had typed the documents last week.

Mr Vieira claimed that he had lent 7kg of gold purchased with the loan, to Mr Farias who had then deposited the money into the account of Mr Collor's wife when she needed clothes. He admitted he had no idea how the money had entered the country or how the loan would be paid back.

The CPI is due to end next weekwhen an impeachment process is expected to begin.

## EC's banana split

A plan to heal a damaging split in European Community ranks over bananas was approved by the Commission yesterday, Reuter reports from Brussels.

The Commission proposal would impose quotas on imports from 1993. It would mean a basic quota of 2m tonnes for 1993.

Imports would be subject to customs duty of 20 per cent, except for those from African, Caribbean and Pacific (ACP) countries, whose sales are protected in a pact with the EC and are not subject to duty.

## Investigator quits

The head of the official investigation into the Rs35bn (£625m) Bombay financial scandal has resigned, writes Shiraz Sidhva in Delhi. Opposition leaders accused the government of putting pressure on him to go slow in his inquiries.

Sources in the ruling Congress party said the prime minister, Mr P.V. Narasimha Rao, hoped to convince Mr K. Madhavan, head of the the Central Bureau of Investigation, to withdraw his resignation.

# Sharp rise in US factory orders

**By Jurek Martin in Washington**

IN mixed US economic data published yesterday, factory orders in June recorded their biggest gain in 11 months, while personal incomes failed to grow at all in the same month.

The 2.3 per cent rise in orders received by manufacturers reverses the 0.9 per cent decline in May. The durable goods sector rose by 2.7 per cent, having fallen 2.1 per cent the previous month.

Defence orders, always volatile on a monthly basis, shot up by 19.5 per cent, mostly offsetting the 23.2 per cent decline in the previous month. Excluding defence, overall orders rose by 1.9 per cent.

Personal incomes were statistically unchanged in June, after four months of very modest increases. Personal spending rose by 0.5 per cent, following a revised 0.3 per cent advance in May. The net result was a drop in the national savings rate to 4.8 per cent in June from 5.4 per cent the previous month.

Both sets of figures confirm the overall picture of the economy provided in the second-quarter gross domestic product returns released on Thursday, which showed growth at only half the rate of the first three months.

There is life, though not great vigour yet, in the manufacturing sector, and caution on the part of consumers uncertain about the future.

# Few signs of recovery for airlines in first half

**By Paul Betts, Aerospace Correspondent**

THE world airline industry has had a disappointing first half, with few signs of a strong recovery in international passenger traffic.

Although traffic rose by 21 per cent in the first half compared with the same period last year, the International Air Transport Association (Iata) yesterday said this reflected the abnormal circumstances of 1991, when the industry was hit by the Gulf crisis travel slump.

Compared with 1990, first-half passenger traffic growth was only 8 per cent higher, Iata said.

Freight traffic grew 6 per cent in the first half. For June, passenger traffic was 10 per cent higher and freight traffic 4 per cent higher than in June last year.

Airlines are also continuing to maintain high capacity levels, which are putting pressure on yields.

# Commission wants Sweden to give pledge on defence before joining EC

**By David Buchan in Brussels**

SWEDEN should agree to join in an eventual common European defence as the price for entering the EC, the European Commission said yesterday.

This was the only seriously contentious issue raised by the Commission in what Mr Frans Andriessen, the external affairs commissioner, called a "perfectly positive" opinion on Swedish membership.

A year ago Sweden followed Austria in applying for membership, prompting similar action from Finland and Switzerland, and possibly from Norway this autumn. The EC has said it is ready to start formal accession negotiations with these countries from the European Free Trade Association (Efta), once future Community financing has been agreed and the Maastricht union treaty ratified.

The difficulty of ratifying Maastricht, after it was rejected two months ago by Denmark, still places a certain question mark over admission of new EC members.

Sweden has convinced the EC that it will accept a common foreign and security policy. But it still has reservations, the Commission noted, on Maastricht's provisions on defence. Mr Carl Bildt, the Swedish prime minister, has repeatedly stressed Sweden's desire to conduct its own immediate defence itself.

Anxious lest incoming Efta neutrals stymie the Community from developing a common defence one day, President Jacques Delors persuaded his Commission colleagues that Sweden should, during its accession negotiations, be made to give "specific and binding assurances" that it will accept whatever emerges from Maastricht in this area. The Commission is likely to recommend the same in its opinions on Finland and Switzerland later this year.

By contrast, Sweden should find it relative plain sailing to adapt its relatively successful economy to Community requirements, though the Commission signalled likely difficulties for Sweden's farmers.

# Brussels backs off in state aid rows

**By Andrew Hill in Brussels**

THE European Commission yesterday submitted to heavy pressure from governments and companies outside the Community and postponed decisions on two controversial state aid cases.

Sir Leon Brittan, the EC competition commissioner, was forced to withdraw proposals to make Asea Brown Boveri, the Swiss-Swedish industrial group, repay illegal state aid of Pta36bn (£196m) to the Spanish government.

The plan is likely to be resubmitted to the Commission in September, although it may have to be substantially reworked to attract enough support from other commissioners, who expressed serious reservations yesterday.

They were said to be worried about pending legal action by the Spanish authorities, which disputes Brussels' right to open a state aid investigation.

The Spanish authorities wrote off Pta36bn of debts owed to them by CCC, an ailing electricals group which ABB bought in June 1990. CCC would have difficulty repaying the write-off itself.

Separately, the Commission decided to delay imposition of a 10 per cent customs duty on Chrysler vans imported into the EC from a new Austrian factory.

Brussels alleges that Austria provided excessive subsidies for the factory, breaking the terms of a trade agreement with the EC.

The commissioners decided on further talks with Austria before they submit formal proposals for duties to EC member states.

- The Commission is to take the Italian government to the European Court for not implementing two 1989 Commission decisions calling for the refund of L875.5bn (£399m) of state aid. The Commission wants the aid – L615.1bn from Alfa Romeo and L260.4bn from Lanerossi – to be repaid to the Italian state rather than to state-owned holding companies. The Alfa Romeo decision has already been upheld once by the European Court.

# Ambitious telecom project

**By Leyla Boulton and Dmitry Volkov in Moscow**

THE Far Eastern part of an ambitious project to link the former Soviet Union with a sophisticated international telecommunications network will begin in October with tenders to carry out the work.

Mr Oleg Belov, for the Russian end of the project, said yesterday contracts for providing and laying fibre optic cables between the Russian city of Khavarovsk, Japan and South Korea would be put out through competitive bidding.

A memorandum of understanding to put the $120m Far Eastern link into operation by 1995 was signed yesterday by Russia's Inter Telekom, Japan's Kusai Denshin Denwa (KDD) Korea Telecom and two Danish telecommunications companies involved in linking the western and eastern ends of the former Soviet Union via the Baltic Sea.

# War prompts rampant nationalism in Croatia

## **Laura Silber** on the mood in the former Yugoslav republic on the eve of elections

ON THE EVE of presidential and parliamentary elections, thousands of Croats in Zagreb at a rally for the Croatian Party of Rights raised their hands in a Sieg Heil salute, and vowed to defend their homeland.

Ultra-nationalism in Croatia, embodied by the Croatian Party of Rights (HSP), will be on the rise until an agreement is reached to end the war between the former Yugoslav republic and Serbia.

Mr Milorad Pupovac, a leader of the Serbian Democratic Forum, says: "Mutual recognition by the two countries would be an important and necessary step towards a political solution."

The need for Croatia to reassert control over its territory has been the single most important issue of the month-long election campaign. The war, which began in June last year, gave rise to nationalism and appears to have eclipsed all other issues.

Elections posters throughout the capital call for a "free and strong Croatia". One of the HSP posters portrays a handsome Croat soldier pointing a machine gun.

Mr Branko Horvat, a Zagreb economist, says: "Only when you can walk freely from one end of the country to the other, can you have democracy.

**A chain of explosions sowed terror and caused heavy casualties in central Sarajevo yesterday in an attempt by rebel Serbs to force Bosnia's Moslem leaders into peace negotiations, Reuter reports from Sarajevo. People fled to safety as mortars fell on streets outside the presidency building, parliament and city-centre shops in the worst daylight attacks for several weeks in the Bosnian capital.**

**The fighting forced UN peacekeepers to close Sarajevo airport to relief flights for the besieged city's 380,000 inhabitants and caused a visible change of mood. The attack closed the airport just as General Lewis MacKenzie, the outgoing commander of UN peacekeeping forces in Sarajevo, was about to take off, Croatian radio said.**

"If you wish to have a democratic Croatia, then you must stop the war," says Mr Horvat, whose Social Democratic Union party stands little chance in Sunday's poll. While the bloodshed has eased in Croatia, people say the war will not be over until the Croatian government gains control of the third of its territory patrolled by UN forces.

Diplomats in Zagreb say progress towards democracy will not begin until the question of sovereignty is resolved. One said: "Democracy is simply not the main issue at this point. People are concerned with territory."

Mr Horvat says only when the war is over will people address the economic decline in Croatia. Industrial production is 50 per cent below that of 1989, he says. Inflation is running at 25 per cent a month. Unemployment is vaguely estimated at 15-30 per cent, not counting the 700,000 refugees in Croatia and the UN-controlled zone. Mr Horvat says economic renewal is contingent on the government giving up control over the economy. He sees economic reform as a crucial step in achieving real democracy.

While the international community searches for a political solution to the Yugoslav crisis, many Croats believe the only solution is to intensify pressure on Serbia. Most are unwilling to make any compromise with Serbia until Croatia controls its own territory.

Masa Silic, a 22-year-old student, says: "Until they [the Serb militia] stop the killing in Bosnia, we need the strongest government to protect Croatia and help unite the territory again."

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# HK airport deal for consortium

By Simon Holberton in Hong Kong and Andrew Taylor in London

AN international consortium of Japanese, US and European companies, was yesterday provisionally awarded a HK$9bn (£600m) contract to carry out reclamation and site preparation for Hong Kong's Chek Lap Kok airport.

The bid by Airport Platform Contractors was the lowest from four short-listed consortia, and was well below the HK$10bn budgeted for the work by the Provisional Airport Authority, the government corporation charged with overseeing and managing the project.

The contract is expected to take about 3½ years to complete. Members of the consortium include Nishimatsu Construction of Japan, Costain of the UK, Morrison Knudsen of the US, China Harbour Engineering from China, Ballast Nedam, a Dutch subsidiary of British Aerospace, and Jan De Nul of Belgium.

Work will involve levelling the 1,248 hectare site on Chek Lap Kok Island and reclaiming land from the sea. The formal award of the contract requires China's approval for the financing for the airport, which, allowing for estimated inflation, is forecast to cost HK$68.5bn. The Hong Kong legislature then has to approve the arrangements.

Beijing's approval is expected to take some time. The consortium has agreed to extend the closing date of its offer from mid-October until the end of November.

Failure to meet this deadline may mean the contract being put out for re-tendering, which could lead to higher costs. The planned completion date of before June 1997 would also be difficult to achieve.

It is the second big contract to be awarded for the airport project, which includes large-scale road and rail links to the mainland. In May an Anglo-Japanese consortium which included Costain and Trafalgar House, the UK construction, property, shipping and hotels group, was awarded a HK$7.14bn contract to build one of the world's largest suspension bridges.

Negotiations between Britain and China about the financing of the whole airport project broke up on Thursday without agreement. Yesterday Mr Chris Patten, the colony's governor, said he hoped for rapid progress in negotiations after August.

China is concerned about the cost of the project, the financial guarantees made available to the project by the government, and the prospect of heavy debts accruing to the post-1997 government of the colony.

Britain is seeking China's agreement to the financial package devised for the Provisional Airport Authority. It is prepared to make concessions on the financing of the airport railway, the principal source of concern to China.

Any concerns China has in this regard are unlikely to be allayed, or confirmed, until Mr Patten makes known his plans on the colony's future political structure in the autumn.

But the provisional award of the contract, which came in under budget, has increased the pressure on Beijing to approve the financing for the airport.

# Mideast talks for August 24

By Hugh Carnegy in Jerusalem

**WASHINGTON and Moscow have invited participants in the Middle East peace talks to resume bilateral negotiations in the US capital on August 24, the first meeting since the change of government in Israel last month.**

**Hopes of a breakthrough in the talks launched last October, have been raised by the election victory of Mr Yitzhak Rabin, who has promised to accelerate the process. He has accepted having the next round in Washington, which the previous government had rejected, and is prepared to make greater concessions to the Arabs than Mr Yitzhak Shamir, his predecessor.**

**In a rare interview with an Israeli newspaper published yesterday, Mr Yasser Arafat, chairman of the Tunis-based Palestine Liberation Organisation, called on Mr Rabin to drop Israel's refusal to negotiate directly with the PLO in the talks.**

**Mr Arafat also reiterated the Palestinian demand to introduce into the negotiating process the issue of the right of Palestinian refugees to return to their original homes.**

# Inkatha denounces strike plan

By Michael Holman in Johannesburg

POLITICAL tensions in South Africa heightened yesterday as the mainly Zulu Inkatha Freedom party (IFP) strongly attacked the African National Congress (ANC) "mass action" campaign, urging supporters to defy the general strike called for Monday.

In Johannesburg, Mr Humphrey Ndlovu, a senior IFP official, accused the African National Congress (ANC) of adopting a "deliberate confrontationist policy of mass action".

An anti-strike march by the IFP is due to take place today in Durban, in the party stronghold of Natal province.

The ANC has appealed to strikers and demonstrators to behave peacefully, and said yesterday that leading companies had agreed not to take disciplinary action against striking staff.

Mr Nelson Mandela, the ANC president, consulted "senior management of major companies", according to a party statement, and sought assurances that workers would not be dismissed. The ANC accepts, however, the "no work, no pay" stance taken by business.

Between 10 and 12 United Nations observers will be in South Africa to monitor the two-day strike, which is planned to be followed by three days of demonstrations, sit-ins and rallies.

Mr Cyrus Vance, the UN envoy to South Africa, said last night that he "hoped and prayed" that the week of protest would pass off peacefully.

Mr Vance, speaking shortly before his return to New York last night, will report back to the UN secretary general, Mr Boutros Boutros Ghali, early next week.

He made clear that he expects to return to South Africa as part of a UN initiative, and is expected to recommend that the world body attach observers to local institutions, such as the Goldstone commission into township violence, and the National Peace Accord, a body set up last year to help curb political killings.

Earlier in the day President F.W. de Klerk's office said the government and the ANC would hold a further round of talks in "the near future". A spokesman confirmed reports of Tuesday's meeting, the first official contact since the ANC suspended negotiations last month, but said no agreement had been reached over the release of remaining political prisoners – one of the ANC's conditions for the resumption of multi-party constitutional negotiations.

ANC leader Cyril Ramaphosa and Cosatu trade union federation leader Jay Naidoo at a press conference backing the general strike call

# Japanese data show setbacks for economy

By Robert Thomson in Tokyo

NEW job offers in Japan fell sharply in June and consumer prices in Tokyo were slightly lower last month, reflecting the slowdown in economic activity that prompted the Bank of Japan to cut official interest rates this week.

The ratio of job offers to applicants fell from 1.14 in May to 1.08, the lowest in four years, the Labour Ministry said. Most big companies have announced plans to reduce staff intake this year, and a few smaller ones have been laying off staff recently.

New job offers in the manufacturing industry fell 23.5 per cent on the same month last year, with a 60 per cent fall in demand for seasonal and part-time workers. However, there is still a labour shortage in service sector businesses and in some factories.

The ratio of job offers peaked at 1.47 in March last year, and has since fallen consistently, prompting the ministry to start a study into sectors with a surplus of workers.

Meanwhile, housing starts in June rose a slim 1 per cent on the same month last year, with a 20 per cent increase in starts for rental houses, but a 41 per cent plunge in starts of houses for sale, the 15th consecutive month of decline, the Construction Ministry reported.

The Bank of Japan argues that the bottoming-out of the housing market, at least in the rental area, means an economic recovery is not far away, but apartment prices are still declining and the share prices of leading property developers have fallen sharply over the past month.

The central bank was reassured by the 0.4 per cent fall in Tokyo consumer prices this month, the first decline in five months, as it reinforced the bank's view that the inflation threat has receded.

Evidence that Japan's slowdown may be intensifying prompted the Daiwa Institute of Research, linked to Daiwa Bank, to revise downward its growth estimate from 2.8 per cent to 2.5 per cent for the fiscal year to March.

**JVC, the Japanese consumer electronics company, is to produce television sets in Shanghai in a joint venture which will be its first manufacturing project in China, Gordon Cramb writes from Tokyo. Production will begin in December and is intended to reach an eventual 240,000 sets a year. These will be exported, but JVC will also use the site to assemble knockdown kits for video cassette recorders, camcorders and karaoke equipment aimed at the Chinese market.**

**JVC will have 55 per cent control of the venture. The main local partner is Shanghai Video and Audio Electronics, which has 29 existing plants making televisions and video cameras, and 6,000 sales affiliates and service centres across the country.**

**The venture, though employing only 70 people in its first year when TV output is expected to be 48,000 units, gives a boost to Shanghai's Pudong free trade zone, where it will be located.**

# UK fears 'chaos' in Kenya soon

By Julian Ozanne in Nairobi

THE British High Commission in Nairobi has warned the Foreign Office that Britain could lose millions and face an influx of up to 40,000 people with a right to settle in the UK if Kenya descends into chaos.

A confidential memorandum, whose authenticity was confirmed yesterday by British officials, presents a rare glimpse of Whitehall's view of the unfolding transition to democracy in Kenya.

It says: "The real risk to our interest comes from the possibility (by no means unlikely) that rather than peaceful transition, Kenya will see chaos before the end of 1992."

In the memorandum, published this week in Kenya's Finance magazine, officials identify British interests as annual exports worth £250m, investment of £1bn, military training, regional stability, Kenyan support for Britain at the United Nations and "avoidance of developments which would lead to an influx of perhaps 30,000-40,000 people into the UK fleeing disorder in Kenya and with some claim to settlement in Britain".

Although the memorandum was written earlier this year recent developments underline the High Commission's misgivings. A bitter power struggle has erupted in Kenya's main opposition party, raising the spectre of clashes on tribal or personality lines. On Thursday anti-riot police in Mombasa fired into the air to disperse clashing supporters of the two factions in the Forum for the Restoration of Democracy (Ford). Ethnic clashes, which have left at least 400 dead this year, continue to simmer.

The leaked British memorandum gives an incisive analysis of the strengths and weaknesses of Kenya's political forces and says that while both Ford and President Daniel arap Moi share responsibility for tribal violence "the government bears the heavier load."

British interests, it says, have been "generally well served by Moi's regime though they have been put at risk by the increasing corruption, economic inefficiencies and degeneration of the political system."

Relations with Kenya cooled in November after Britain joined other donors in suspending aid to Kenya until democratic and economic reforms were implemented.

Sir Roger Tomkys, British High Commissioner to Kenya, said yesterday he regretted the publication of the document which had resulted from a "breach of trust".

# SE backs Cadbury proposals

By Norma Cohen, Investments Correspondent

THE London Stock Exchange yesterday issued an unqualified endorsement for recommendations to improve the performance of company boards proposed by the Cadbury Committee.

The exchange also said it was considering whether one of the committee's recommendations – that balance-sheet information be included in interim financial reports – be made a condition of listing.

The committee, which considered financial aspects of corporate governance, issued a report in May calling for companies to comply voluntarily with a code of best practice for directors.

The committee was formed at the instigation of the Financial Reporting Council, the accountancy profession and the London Stock Exchange, and included representatives of industry, shareholders, academia and the Bank of England.

Among its key recommendations was for a Stock Exchange listing requirement under which companies would be required to disclose the extent to which they complied with the voluntary code of conduct and where they diverged from it. While those companies which fail to comply would risk delisting, it is considered unlikely that the Exchange would do more than censure such a company.

The listing requirement was the only enforcement mechanism proposed by the committee and has been criticised by shareholder groups as falling short of what is needed to improve corporate governance.

Yesterday the Exchange spelt out how it intends the listing requirement to work. The code of practice itself will not form part of the Exchange's so-called Yellow Book of rules, only the provision that the extent of compliance be disclosed. The rule would apply to companies seeking listings for the first time as well as those already listed.

The listing requirement has also been strongly criticised by the Confederation of British Industry.

Sir Michael Angus, CBI chairman, said the new listing requirement might lead to additional layers of bureaucracy for business.

**THE Cadbury Committee on corporate governance contains "serious omissions" on enforcement and internal auditing, the Institute of Internal Auditors said yesterday.**

**The institute said effective corporate control could not rely on external auditors and required professional internal auditors employed by directors to advise on controls within the company.**

**Mr Harold Izzard, institute spokesman on corporate governance, said: "Cadbury is really a top-down review while we approach the comapny from the bottom up. But non-executive directors are very vulnerable without internal auditors."**

**The submission to the Cadbury committee argues that external auditors are restricted by the level of their fees, and mainly concentrate on financial controls.**

# Judges help palace maid to sue press

By Robert Rice and Raymond Snoddy

AN APPEAL Court decision in favour of a former maid at Buckingham Palace opened the way yesterday for actions against newspapers by people who cannot afford to sue for libel.

The court gave Miss Linda Joyce, a former Royal maid, the right to sue Today newspaper for "malicious falsehood", rather than libel, over an article that accused her of stealing intimate letters belonging to the Princess Royal.

The judges said it was "as plain as a pikestaff" that Miss Joyce had been libelled, but said she could not afford to sue at her own expense. While legal aid was not available for defamation cases, it could be obtained for an action for malicious falsehood.

Mr Mark Stephens, her solicitor, said: "The court has remedied a great social injustice. It has finally recognised that poor people should have the right to clear their names if newspapers recklessly lie about them."

Miss Joyce, of Stonehouse, Gloucestershire, who is currently unemployed, had been told it would cost £40,000 to commence libel proceedings. Palace maids earn about £5,000 a year. The court said it did not expect to see people who had been defamed "queueing up to issue writs for malicious falsehood" in future.

It is more difficult to prove malicious falsehood than libel. Plaintiffs cannot recover damages for loss of reputation but only for proven financial loss or the real likelihood of financial loss. They must establish both that a statement was false and that it was published with malice or with reckless indifference to its truth or falsity.

The court rejected Today's argument that Miss Joyce's action should be struck out as an abuse of process. The newspaper argued that allowing her to proceed by way of malicious falsehood denied it the defences available in libel actions and the "absolute right" to have the issue tried by a jury.

Sir Frank Rogers, chairman of the Newspaper Publishers Association, yesterday said the ruling was "potentially very dangerous for newspapers".

Mr David Newell, deputy director of the Newspaper Society, which represents local and regional newspapers, called for a comprehensive review of media law.

# Hopes and fears in the car bazaar

**John Griffiths** examines the queue for the first of today's K registration plates

IT WAS party time last night at the Reg Vardy motor group's flagship Nissan dealership, which stands almost in the shadow of the Japanese carmaker's plant near Sunderland.

Mr Neil Dunkley, the dealership's general manager, estimated about half of the more than 140 customers who ordered new Nissans for August delivery with the new K plate registration would turn up for the party. At the stroke of midnight, they would drive home in their new purchases, and Reg Vardy would celebrate what has been a unexpectedly strong sales period. The group's 21 sales and service outlets pre-sold for August as many new cars as they sold throughout August last year.

Meanwhile, far to the south, in Fulham, west London, Mr Graham Horder, owner and managing director of Cheyne BMW, claims to be rubbing his hands in anticipation of a bonanza of August new car sales. "Last year we delivered 87 BMWs during August, which was a good result given the circumstances," he says. "This year we have already got August orders for 134 cars, and they are still coming in each day."

Both dealers either occupy an apparently recession-proof island in the moribund UK economy, or August new car sales this year will confound the anxieties of manufacturers and the big dealers.

The indications are that, when the Society of Motor Manufacturers and Traders tots up sales figures in early September, August will have provided little to cheer about. Indeed, suggests Professor Garel Rhys, the SMMT's own professor of Motor Industry Economics at Cardiff Business School, the figures may finally demonstrate that it is now time to abandon the annual new car registration prefix.

August accounts for about 25 per cent of total annual sales. July's market has been reduced to little over 2 per cent and, as early as late April, potential buyers are holding back, waiting for the new prefix. As the August bulge has grown, so it has left fewer sales for the final four months of the year.

The fear this year is that prolonged recession and July's gloomy statistics on rising unemployment and collapsing confidence indicate that the August car sales bulge will not be big enough to take up the stock of cars that UK-based manufacturers have built.

According to Prof Rhys, there is already and excess stock of 40,000 new cars scattered around the countryside.

As recently as March, the industry expected sales this year to recover to 1.7m-1.75m units, up from last year's depressed 1.59m. Now, it fears there will be little or no improvement on last year.

The result is that the recent cut-price bazaar atmosphere in car retailing may continue through the year to clear unsold stocks.

Some motor trade executives like Mr Reg Heath, chief executive of TKM, which controls one of the UK's largest retailing networks, believes this bazaar atmosphere may last well into next year.

Growing urgency to "move the metal" has prompted some innovative marketing schemes. They include Ford's "Options" package, under which a purchaser finances the net cost of a car's purchase price less its projected depreciation after two years. At the end of the period, he or she can opt to hand back the car and start a new agreement, or pay the rest of the purchase price. Ford, which is struggling to reverse a market share slide from about 30 per cent in the 1980s to the low 20 per cents now, hopes most people will opt for another new car.

Vauxhall has already hit back with a similar scheme, called "Choices", with the added lure of a £300 bonus for any new Nova, Cavalier, Carlton, Senator or Calibra registered up to August 31.

In spite of having spent about £50m promoting and advertising such schemes in July alone, the industry fears that this August sales will not exceed last August's 370,000 and will be far short of the record 530,000 achieved of August 1989.

According to Mr Heath of TKM, both the trade and the industry have no option but to tighten their belts, keep overheads tight and sit it out for a recovery – which, he notes in an ironic reference to government forecasts, "doesn't look like coming now until the *fifth* quarter of 1992".

Like Prof Rhys and Mr Neil Marshall, economist at the Retail Motor Industry Federation, he is stuck for suggestions on how the government might restore consumer confidence, short of sharp interest rate cuts and sterling's realignment within ERM, with all the attendant risks.

The infuriating thing, says Mr Marshall, is that "we know there is plenty of money about, and that the savings ratio is exceptionally high. What we have is a psychological problem. It's deeply disturbing for us and, with most economic indicators pointing in the wrong direction, we simply don't know when it's going to go away."

For those with the cash and the courage, however, there is one old motor trade "come-on" which has never been more true: there has never been a better time to buy a car.


**Doubts registered: carmakers fear that the long-awaited revival in new car sales in August will prove elusive in spite of the arrival today of the new K-registration plates. Mr Ian McAllister, chairman of Ford of Britain, (above) forecasts new car sales of about 365,000 during this month, unchanged from last year's depressed level. "We could be looking at the third year of continuing decline," he said.**

*Photograph by Ashley Ashwood*

# Complex reopens after bombing

THE MAIN shopping centre at Milton Keynes was reopened in stages yesterday after more than 100 police and bomb disposal officers had worked through the night to deal with firebombs, John Thornhill writes.

Two of the bombs exploded in Habitat and BHS, causing only localised damage. Five others were defused and one was let off under controlled conditions.

The police condemned the attack as "horrific and callous" and called in the anti-terrorist branch. No one has yet claimed responsibility.

There have been similar incidents in recent months at shopping centres in Gateshead, Tyne and Wear, and Brent Cross, north London.

The IRA admitted responsibility for the attacks at the Gateshead MetroCentre in May and Brent Cross last December, saying that it wanted to increase the "economic cost of disruption".

## Company to buy village

TEXACO, the multinational petrochemicals company, has offered to buy a village after complaints from local residents about the drawbacks of living next to a refinery.

The proposal, which may cost the company up to £2.5m to find new homes, has delighted the 100 residents of Rhoscrowther, Dyfed, which lies close to the company's refinery near Pembroke Dock.

A campaign was launched by the villagers against Texaco six months ago after a small explosion led to fears that the village could be destroyed if there was a catastrophe.

In spite of a report from the Health and Safety Executive that there was no long-term danger, the villagers continued to press for a move.

Texaco said yesterday that as part of a "good neighbour" policy it was offering to buy all the homes in Rhoscrowther and to pay all moving and legal expenses.

## Study of 'M25 effect'

ROAD EXPERTS working for the Transport Department are to investigate the claim that building new roads creates traffic growth that would not otherwise take place: the so-called M25 effect.

The idea gained credence when traffic growth on the M25 London orbital motorway, completed six years ago, far exceeded forecast levels.

Opponents of the roadbuilding programme say the history of the M25 is evidence that government forecasts of road traffic growth are a self-fulfilling prophecy because the Transport Department uses them to justify building new roads.

The investigation is being carried out by the Standing Advisory Committee on Trunk Road Assessment (Sactra), an independent advisory committee. The department said yesterday the committee would study drivers' responses to road construction or improvement schemes.

## King's Cross plan advances

THE LONG planning battle over a £3bn scheme to redevelop land beside London's King's Cross Station has moved a step nearer resolution after a decision by planning officials to give conditional approval.

Next Thursday, Camden Council is expected to confirm the decision taken by its planning committee three days ago. Mr Phil Turner, joint deputy leader of the council, said the move was "good for Camden and the people of this borough because it is a further step along the road to bringing this huge area into use".

The London Regeneration Consortium, which has been pursuing planning consent for four years, welcomed the decision. Mr Gordon Graham, a consultant to the consortium, said: "We do not see any reason why in another six months or so we will not get an outline planning consent."

The consortium comprises Rosehaugh and Stanhope, two developers that have been badly affected by the property recession, and NFC, the freight company. To win approval, the developers have been required to reduce the proposed office space in the scheme by 615,000 sq ft to 5.25m sq ft.

Development will not be possible until London office rents recover significantly. Mr Graham said he did not expect the scheme to start before 1995-96.

# Economists see new fall in GDP

By Peter Norman, Economics Correspondent

ECONOMIC forecasters have scaled back their expectations of Britain's economic performance this year and next, according to data released by the Treasury yesterday.

The Treasury's latest survey of independent forecasts, compiled last month, showed that on average economists now expect gross domestic product to fall this year by 0.2 per cent and GDP growth in 1993 to be only 2 per cent. The June survey of 30 forecasters in the City, economic research institutes and academia pointed to growth of 0.4 per cent this year and 2.5 per cent in 1993.

The increased pessimism has caused the forecasters to revise upwards their expectations of unemployment and the government's public-sector borrowing requirement.

The latest consensus is that unemployment, which was 2.72m in June, will rise to 2.88m in the final quarter of this year and increase further to 2.97m by the end of 1993. In June, the forecasters predicted unemployment of 2.85m at the end of this year and 2.87m in the final quarter of 1993.

The survey found that, on average, forecasters now expect the PSBR to total £31.7bn in the current financial year and £36.4bn in 1993-94, up from June's estimates.

The survey's only good news for the government is that consensus expectations for inflation have fallen to 3.8 per cent by the end of this year from 3.9 per cent previously, and 3.3 per cent by end-1993 from 3.5 per cent before.

# Councils expect poll tax arrears to last until 2000

By Alison Smith

ONE IN 12 local authorities expects to be collecting poll tax arrears into the year 2000, even though the tax will be replaced by the property-based council tax next April.

Two out of five councils believe that the poll tax backlog will affect implementation of the council tax either extensively or moderately.

The findings come in a previously unpublished study commissioned by the government from CSL management consultants and leaked to Mr Jack Straw, shadow local-government minister.

The work was commissioned to help ensure the spread of good practice among councils in an effort to reduce the backlog before the first year of the new tax.

The Department of the Environment agreed yesterday with Mr Straw's assessment that more than £1bn was uncollected from the first two years of the poll tax.

"The poll tax fiasco lives on and is likely significantly to upset the implementation of the council tax," Mr Straw said yesterday. "The country has already paid too dearly for the mess of the poll tax: it looks as though the council tax will replace one fiasco with another."

As councils prepare for introduction of the council tax, some Environment Department officials believe that the average bill for a household in a band D home (worth £68,000-£88,000 in April this year) might be more than £500.

The department is clear that it is not committed to the estimate made last year by Mr Michael Heseltine, when environment secretary, of the average bill for such a household in 1991-92 being £400.

Instead, ministers will rely on the tough regime for "capping" – putting a ceiling on local government spending – to prevent bills from rising too steeply, and use a transitional-relief scheme to cut the number of households that lose extensively.

# Delay over Maxwell ruling

By Raymond Hughes, Law Courts Correspondent

A HIGH COURT judge has deferred until September his ruling on an application by the liquidators of Bishopsgate Investment Management for immediate judgment in their £450m damages action against Mr Ian Maxwell, a son of Robert Maxwell.

The liquidators, partners in Robson Rhodes, have argued that Mr Maxwell has no defence to their allegations that he breached his fiduciary duty as a director of BIM, from which hundreds of millions of pounds of Maxwell companies' pension funds disappeared.

The hearing, originally expected to take two days, lasted 5½ because of Mr Maxwell's opposition to the liquidators' claim that the case should not go to a full trial.

On July 20 the liquidators were given final judgment in their identical action against Mr Maxwell's brother Kevin, who was ordered to make interim payments totalling £406.8m pending assessment of his final liability. He said afterwards that he had not defended the action because of lack of money.

The liquidators have since started bankruptcy proceedings due to come before the bankruptcy court on August 17. They have said they will take a similar step against Mr Ian Maxwell if they succeed in winning final judgment against him.

# Doctors criticised over drug prescribing methods

By Paul Abrahams

BRITISH doctors prescribe fewer, older and cheaper drugs than their Continental counterparts, but their prescribing practice is not cost-effective, according to the Association of the British Pharmaceutical Industry.

"The UK is not using new medicines wisely," Dr John Griffin, association director, said. "British doctors are using old, slightly more dangerous and certainly less effective products, which are more expensive in the long term."

In 1990, the UK pharmaceutical market, including over-the-counter non-prescription drugs, was Ecu4.74bn (£3.4bn). That compared with Ecu10.1bn in Germany, and Ecu8.9bn in France.

UK patients received more than 460m prescriptions last year, up 24m on 1990. They cost the National Health Service £3.1bn, representing 9.7 per cent of its total expenditure. Per capita expenditure on prescription drugs in the UK is nearly half that in France and Italy, Dr Griffin said. UK per capita expenditure on prescription drugs in 1990 was only £55. That compared with £105 in Italy, £102 in France, £95 in Germany and £82 in Sweden.

British GPs prescribe fewer drugs than many of their Continental counterparts. Prescriptions per capita in the UK averaged only 7.6 in 1989, compared with 38 in France, 20 in Italy and 12 in Germany. Danish, Swedish and Dutch doctors signed fewer prescriptions per capita.

Drugs prescribed by UK doctors also tend to be old, he said. In Italy, Japan, the US and Canada, more than 20 per cent of drugs prescribed have been introduced in the past five years. In the UK, the figure is 9.3 per cent.

Dr Griffin blamed government measures for making doctors more cost-conscious. He argued that by prescribing less effective medicines, doctors were raising overall costs because of increased hospitalisation.

# University research cost plea

By Clive Cookson, Science Editor

UNIVERSITIES MUST charge companies, government departments and charities the full costs of the research they sponsor, the government's Advisory Council on Science and Technology said in a report yesterday.

Acost also called on the government to increase funding for academic science at more than the rate of inflation, but said universities should be more selective in the range of research they carry out.

Sir Robin Nicholson, Acost chairman, said: "The failure of universities to identify and recover the full costs of research sponsored by external agencies has added to the financial pressures."

Acost recommends the government not only to increase the research councils' budget but also to give universities additional funds to underpin the infrastructure for research. Institutions "should ensure that the additional funds are used to improve the support given to existing staff and facilities, rather than to employ more researchers, and are allocated on the basis of the quality of the research undertaken".

The research pressure group Save British Science welcomed the Acost recommendations for full cost recovery and more government funding. It rejected the call for greater selectivity, which it called "a recipe for withdrawal from more areas of science, which risks slowing rather than simulating contacts with industry".

The Office of Science and Technology said it would reply to the Acost report in due course. "Meanwhile the government recognises the importance of full cost recovery."

*The Science Base – Research in Universities. HMSO. £25.*

# Judge rules on BCCI papers

By Raymond Hughes

A HIGH COURT judge yesterday refused to make an immediate order that the Serious Fraud Office disclose to the liquidators of the collapsed Bank of Credit and Commerce International documents seized from three former officers of the bank and a broker through which many of its treasury transactions took place.

The documents were obtained from the homes of Mr Agha Abedi and Mr Swaleh Naqvi from a safe deposit box in the name of Mr Zafar Iqbal, and from the offices of Capcom Financial Services.

Sir Donald Nicholls, the vice-chancellor – the senior Chancery judge – said that none of the four had been notified of the liquidators' application for production of their documents. He said that those from whom documents had been seized were in general entitled to an opportunity to present to the court any objection they might have to the production of the documents.

Capcom should be asked its attitude to disclosure and more information was needed about the circumstances of the three individuals and the practicability of notifying them before he could decide whether notification to them should be dispensed with.

The liquidators, partners in Touche Ross, were granted an order for disclosure by the SFO of other documents obtained under compulsory powers from Price Waterhouse, former auditors of BCCI, and from Control Securities, a company formerly controlled by Mr Nazmudin Virani, other companies in the Control group, and from Mr Virani himself. The judge rejected the SFO's contention that it could voluntarily disclose to liquidators or administrators documents it had obtained under its compulsory powers.

Complex reopens after bombing

Company to buy village

Study of 'M25 effect'

King's Cross plan advances

# Another traveller on an old road to ruin

## After the Land Travel collapse, Michael Skapinker examines cost and credibility issues in the tour industry

AS police and liquidators sift through the records of the Land Travel coach company, which collapsed last week, one thing is certain: it will happen again. If not this summer or autumn, then next year or the year after.

As long ago as 1871, the British newspaper, The Graphic, observing the beginnings of package tourism, prophesied: "A time will come when vast numbers of the population will be carried enormous distances for ridiculous sums."

Today, the British buy 20m foreign holidays every year, many for sums so ridiculous that the companies offering them go out of business.

The system that delivers this service is inherently unstable, making periodic collapse inevitable. The cost of setting up as a tour operator is low and the temptation to cut prices is ever-present. The effects of war, epidemics and hurricanes drive some out of business. Fraud and foolishness account for some others.

Systems could be devised to ensure that travellers and would-be tourists do not lose their money, as an estimated 50,000 Land Travel customers have done.

Even under Mr Michael Heseltine, however, the Department of Trade and Industry is too averse to intervention to license all tour operators and ensure they are properly monitored.

Land Travel was not a member of the Association of British Travel Agents (Abta) or of any other organisation offering a money-back guarantee. The government says it will make it compulsory for companies like Land Travel to arrange guarantees for their customers in future. Companies taking customers by road and ferry will be able to subscribe to a reserve fund, along the lines of the existing fund for air passengers.

But belonging to the surface travel reserve fund will not be compulsory. Companies that remain outside the fund will have their customer guarantees monitored by trading standards officers rather than experienced travel organisations.

Those who remain in the travel business fear collapses almost as much as those who fall victim to them. The travel business is concerned with management of two things: cash and confidence. Wreck confidence in the travel business or in a particular company and the cash will disappear, not only because the customers will no longer provide it, but because previously indulgent hoteliers, airlines and coach operators will come knocking at the door, demanding payment earlier than previously envisaged.

A travel company on the point of collapse exhibits certain characteristics, which many in the business recognised in Land Travel. In its last two months, it appeared to be taking in customers' payments with the sole objective of paying off immediate debts.

Mr Noel Josephides, a director of the operator Sunvil Holidays and chairman of the Association of Independent Tour Operators, says: "They were selling for £59 a tour that was probably costing them twice that. They were getting cash to pay debts they already owed."

Land Travel's reputation was not high even before the troubles of recent months. Coach and Bus Week, a trade publication, began reporting in 1990 on the company's tendency to pay suppliers late.

Land Travel's brochures were adjudged to contain substantial inaccuracies. That is not unique to Land Travel. A report in Holiday Which? magazine earlier this year criticised the brochures of the UK's three biggest travel companies - Thomson, Owners Abroad and Airtours. A common deficiency was an inability to gauge accurately the distance between hotels, beaches and shops.

Complaints to the Advertising Standards Authority (ASA) about Land Travel, however, disclosed an inventiveness remarkable even by the standards of the holiday industry.

One traveller complained that a tour of central and eastern Europe was to have included optional excursions to Prague and Krakow, but that those had not been available.

Valere Tjolle, chairman of collapsed tour operator Land Travel (above), and victims of an earlier company failure


Land Travel, the ASA said, "stated that the hotel location had been found to be too far for the excursion to Prague and that it had not been possible to arrange visas in time to offer the excursion to Krakow".

Land Travel did not own any coaches, relying instead on outside contractors. In spite of the company's reputation for late payment, coach companies continued to work for it.

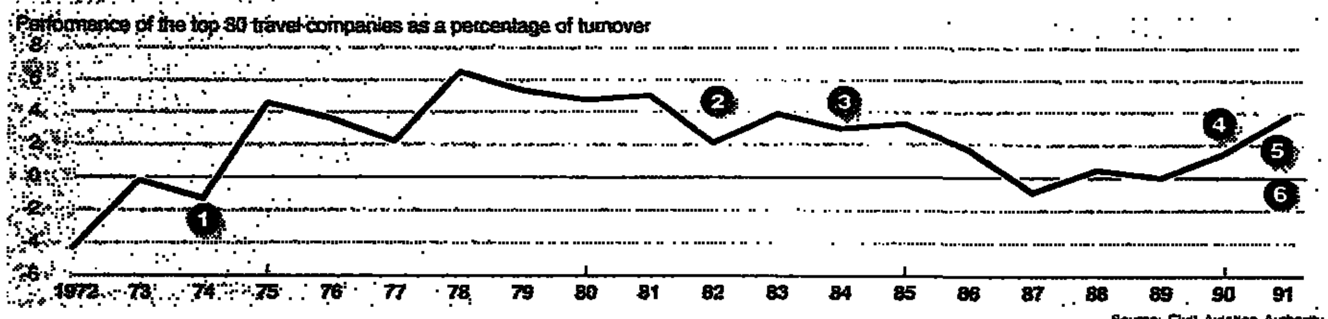
Coach operators who worked for Land Travel are reluctant to admit that they lost money but asked for their names not to be mentioned.

One who agreed to talk was Mr Keith Davies, a partner in Pat's Coaches of Wrexham. "We worked for them for two months," he said. "Their reputation preceded them in the industry. A lot of people didn't trust them. We told them we wanted cheques up-front, post-dated for 10 days. A lot of others were working on the basis of 30 days or 45 days. Two of our coaches were out at the time [of the collapse]. Three of their cheques bounced."

Liquidators Grant Thornton are still not sure what precipitated the final crisis at Land Travel. What is clear, however, is that, as rumours of trouble grew, they became, to some extent, self-fulfilling. P&O European Ferries demanded that Land Travel pay it in advance. When it became clear that the company did not have the money, P&O refused to take any more bookings.

**Tour industry's bumpy ride to profitability**

Performance of the top 80 travel companies as a percentage of turnover




**Earlier travel collapses: (1) Court Line,** August 1974 **(2) Laker,** February 1982 **(3) Budget Holidays,** October 1984 **(4) Exchange Travel,** September 1990 **(5) Sun Living,** February 1991 **(6) International Leisure Group,** March 1991

The likelihood of further Land Travels has increased rather than decreased in recent years as a result of changes in booking patterns and traveller preferences.

One of the attractions of the business has always been the favourable cashflow. Customers generally pay for their holidays before the operator has to pay for airline seats and accommodation. Travel has traditionally been a good field for an under-capitalised entrepreneur.

Mr Peter Rothwell, marketing director of Lunn Poly, the UK's largest chain of travel agents, points out that all a new tour operator needs is a computer reservation system and some telephones. If the operator can get a charter airline or coach company to allocate him some seats and can find the customers to fill them, he is in business. As long as the customers keep booking, the business can carry on growing.

The period between customers paying and suppliers demanding payment meant new companies could earn healthy amounts of interest. Over the past decade, that opportunity has diminished as customers have begun to book later, waiting for discounts. Ten years ago, a third of all package holidays for the following year were sold by Christmas. The proportion has now dropped to less than a quarter.

British holidaymakers also show a growing preference for self-catering accommodation rather than hotels. Tour operators generally pay for hotel beds only if used. Self-catering accommodation usually has to be paid for whether used or not.

Mr Rothwell believes that efforts to protect the holidaymaker could, in fact, make operator failure more likely.

Companies that belong to the reserve fund will know their customers are fully protected, he says, and that might encourage them to take even bigger business risks. The new trust fund, he adds, "could just be a bigger pot for people to go bust in".

# Gambling on the price of a ticket

By Tim Lawrence

BUYING from an air ticket bucket shop is like trading on the futures market, according to Mr Chris Rogers, chief trading standards officer at Westminster City Council. The risk is high, but if you take the necessary precautions the financial benefit can be great.

There is no need to buy from non-bonded bucket shops, said Ms Kim Winter, a project officer at the Consumers' Association magazine Holiday Which?. "There are enough fully bonded specialist . . . operators, such as Trailfinders and STA Travel, for people not to risk anything outside," she said. People dealing with unbonded bucket shops risk losing their money or being stranded if the tour operator, travel agent or airline collapses.

According to Holiday Which?, the best protection is to pay by credit card, making out the voucher to the airline, not the travel agent. If the flight or holiday falls through, the Consumer Credit Act makes the credit card and the travel company jointly liable.

Mr Riaz Dooley, owner of Travel Bazaar, a non-bonded bucket shop in west London, said most scheduled flights required no insurance.

"The government of the national airline would be too embarrassed to leave passengers stranded if something went wrong," he said.

Package holidays can be fully protected with a travel indemnity insurance costing between £5 and £10, Mr Dooley added. Bucket shops that advertise at one price and try to sell at another should be avoided. Clients, he said, should pay no more than a £50 deposit on flights and the full fare should be paid in exchange only for the ticket. Charter flights have to be paid for in advance, said Mr Dooley, and customers should get a receipt with the Air Travel Organisers Licence number, which will guarantee a refund.

# Customers and agents face pitfalls

INTERTOURS, the London-based travel agency, this year became one of the few outlets prosecuted successfully under UK consumer protection law, Catherine Milton writes.

The Abta-registered company was fined after several complaints to Westminster Council that prices charged were higher than those advertised.

In June, magistrates ordered Mr Christopoulous Panayiotou, director of Intertours, to pay £3,000 in compensation and costs for a variety of offences under consumer protection law.

One trip to Delhi was quoted at £425, but the client was asked to pay £485. At a London magistrates court, Mr Panayiotou pleaded guilty to all charges.

Mr Chris Rogers, chief trading standards officer at Westminster Council, said: "This is a typical complaint and very often we do not get sufficient evidence to build a case.

"This is fine from the point of view of criminal proceedings, but it does not help people who just wanted their money back in the first place."

Mr Panayiotou refused to discuss the details of his prosecution, but said: "We did not intentionally charge anyone more than the advertised price." He said the court case arose out of a "complete misunderstanding" last year. The prosecution involved 1.3 per cent of his 12,000 customers last year. "We have gone through turbulence but Intertours is now a smooth, clean operation."

HUNDREDS of people were caught out by what appears to be a loophole in UK regulations when an Icelandic company, Air Tours Rekjavik, ceased trading and grounded its UK-based subsidiary, Iceland Air Tours, in June, Catherine Milton writes.

They booked tickets to Rekjavik believing their money was protected under the Civil Aviation Authority's Air Travel Organisers Licence (Atol) system, which guarantees refunds to clients when travel companies go bust.

Although IAT did not have a licence, clients believed it had agreed to pay another company to share its licence. That kind of arrangement is proper and fairly common.

However, no such contract had been signed.

IAT probably did not need a CAA licence to trade under UK regulations. The licence is necessary only for companies that sell charter packages (including accommodation).

Iceland Air, the state airline, put together a rescue package to help those stranded overseas when the companies collapsed. However, hundreds of people who had booked holidays for July, August and September were still left out of pocket.

The CAA said the situation was confused. All IAT personnel have returned to Rekjavik and the telephone number for Air Tours Rekjavik is no longer in use.

BOOKING a cheap flight on a reputable airline is no guarantee of fair treatment, as some bucket shop customers have found to their cost, Tim Lawrence writes.

Ms Sue Freeman, for example, understood the risks involved in booking a package holiday with a bucket shop. But she did not know that booking a flight could be equally fraught.

In mid June Ms Freeman, a journalist, booked an American Airlines flight to Boston on July 30 for £379 with Lifestyle Travel, a bucket shop on Tottenham Court Road in central London. She eventually caught the flight, but only after an ordeal of claims and counterclaims, she says.

Ms Freeman paid for the ticket and was told it would arrive within 10 days. When no ticket arrived, she embarked on a daily merry-go-round of increasingly heated telephone calls to Mr Frank Deluca, owner of Lifestyle Travel.

Three days before the flight she was told that the flight was overbooked and Mr Deluca blamed an agent acting for for American Airlines, for overbooking the flight. Lifestyle Travel offered her a much longer flight to Boston via Chicago.

The agent claims it sent two reminders to Lifestyle Travel before the reservation expired on June 26. By the time Lifestyle Travel's cheque arrived on June 30, the flight was full.

Eventually American Airlines resolved the difficulty by making space for Ms Freeman on the original Boston flight – although not in Club Class.

# Storm over contaminated-land register

By Vanessa Houlder, Property Correspondent

REVISED proposals for a contaminated-land register, issued yesterday, have provoked strong criticism from both sides of the environmental debate.

Environmental activists accused the government of retreating from its commitment to identify contaminated land. The property industry said the changes were cosmetic and would depress land values and increase urban blight.

The new consultation paper from the Department of the Environment is less stringent than its previous proposals.

The new proposals would reduce the amount of land placed on a public register to between 10 per cent and 15 per cent of that included under the former proposals. Mr David Maclean, minister for the environment and countryside, said the new regulations placed the emphasis on the most contaminating uses.

The consultation paper proposed a two-tier system to distinguish between land that has not been investigated or treated from land where the contamination has been assessed.

Mr Christopher Jonas, president of the Royal Institution of Chartered Surveyors, said the revised proposals would lead to "unnecessary blight and distort the property market". They would create added uncertainty in the property industry and deter investors and developers from regenerating inner cities.

Mr Sean Humber of Friends of the Earth, the environmental lobby group, said the revised proposals excluded most of an estimated 100,000 contaminated sites.

# Builders demand currency realignment

By Andrew Taylor, Construction Correspondent

LEADERS OF Britain's depressed construction industry yesterday made one of the strongest appeals to the government to change its economic policy and seek a realignment of currencies within the European exchange rate mechanism.

The appeal accompanied a forecast that the recession in the industry, already severe, would be deeper and longer than previously expected.

The National Council of Building Material Producers, representing more than 2,000 companies with a combined annual turnover of £20bn, said UK construction output was likely to fall 8 per cent this year and a further 2.5 per cent next year. Last year it fell 8.9 per cent.

Mr Peter Roberts, director responsible for building products at the IMI metals group and chairman of the council's forecasting panel, said: "Conditions, particularly in the private housing market, have deteriorated since the [April general] election."

More jobs would be lost unless efforts were made to stimulate the economy, Mr Roberts said. "Very few recoveries start without government pushing some button to start it."

He appealed to the government to use its presidency of the European Community to make a concerted effort with other EC members to realign currencies and bring down interest rates over the the next six months.

The Federation of Civil Engineers said Britain should try to agree on realignment even if agreement could not be reached with Germany.

It said any attempt by the government to control public spending by cutting capital investment in roads, homes and other infrastructure would be disastrous for the construction industry and the country.

The federation published a separate survey showing that 40 per cent of civil engineers expect to shed more jobs during the next 12 months. Almost two thirds of the 164 companies replying to the survey said order books had fallen during the past year.

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# Each-way bets in the markets

AUGUST SEEMS to have started a day or two early this year. It is traditionally the prime month for market theories and rumours, as traders try to drum up a little business in a sleepy season. This year there is enough alarmism before the month has even started to energise three normal summers.

Presidents Bush and Mitterrand, it is said, may resign rather than face their electors. The EMS, according to the polls, could be threatened when French voters are asked to endorse the Maastricht Treaty. And Mr John Major is seen by some as under such pressure from economic disappointment that his own immovable policy may crumble.

This is more than idle talk: prices have responded. Equity markets, despite a technical bounce from their July slide, are discounting a no-change recession; but bond markets, which had previously benefited from the sluggish outlook, have now fallen back to discount possible policy upheavals. Add in continued talk about a possible Japanese market melt-down, despite a belated relaxation of monetary policy, and no further explanation is needed for market nervousness.

## Political strain

The political strain reflects a feeling that governments in all the countries affected are virtually powerless in face of their problems; and such a widespread malaise must be based on more than coincidence. There are three problems of the 1990s which go a good way to account for the syndrome. One is transitory; two are not.

The first is the oldest: the bursting of a financial bubble. These collapses have punctuated financial history for centuries; they look like the end of the world for a time, but they never are. Stock market investors in Tokyo, house-buyers in London and banks in New England must all doubt that it will ever be a glad, confident morning again; but after a time assets will look under-valued, lenders will believe that they have put the bad news behind them, and convalescence will begin. The economy tends to need nursing through this period of nervous prostration. Unfortunately, most of the countries which have suffered have governments which believe that any interference with market forces makes matters worse. While time is the only long-term cure, a tonic, as the Australian recovery suggests, might cut the time required.

Monetary policy can still be deployed, of course, by even the most ardently market-based regime; but this has been encountering a second problem. In an increasingly integrated world capital market, monetary initiatives seem to have their most powerful effects outside the countries which make them. Germany mounts a squeeze against inflation; but before it has much effect, growth collapses in the rest of the EC. The Fed cuts interest rates to a 29-year low; Mexico booms, while the US remains stuck in a recovery "which does not look that different from what we now call recession", in the words that Sir Peter Walters of the Midland Bank used to describe British prospects.

## Intractable problems

These problems appear at times so intractable that the whole project of international integration looks like a mistake. Hence, for example, the hints in this country, from the new director general of the CBI and the chairman of ICI, to take the two most prestigious examples, suggest realignment, or even a return to independent floating, as preferable. Hence, too, the Bundesbank's evident distaste for having to include Italy's problems on its agenda, and the trouble President Bush has met in getting his North American Free Trade Area ratified. We can only hope that by 1993 we will have governments strong and inventive enough to resist disintegration.

Assuming that we can get through the next few months without a big accident, one problem will remain: the populations of all the advanced countries are ageing, especially in Japan and continental Europe, and their demands will impose a budgetary headache. Japan has planned for this for decades. It intends to live on foreign investment earnings. Britain, which has about the smallest long-term problem, has taken the biggest steps to reduce dependence on state funds, and to impose tight management on demand for those funds. British problems still look bad enough to keep long-term real interest rates quite high, even if German and French problems were not driving them higher.

Investors must strive to stay rational in face of these forbidding uncertainties. Reason says, for example, that house prices will not fall forever, though debt and repossession will overhang the worst affected areas for some time yet; and that interest rates, now that inflation has stopped in the US and Japan and is slowing sharply in Britain and Germany, are likelier to fall than to rise again. It is not rational to hope that the bull market will soon come roaring back again; but the worst of the correction in London and Tokyo (though perhaps not in Wall Street) may now be over. And remember that this is August, when there are 10 rumours for every real crisis.

# Power to the parents

## Andrew Adonis and Alan Pike look at the battle between central and local government over Britain's schools

The battle for Britain's schools is about to begin. This week's education white paper marks the end of the phoney war between the government and local authorities. It signals the beginning of an all-out struggle for the hearts and minds of parents, who alone will decide whether their school should desert its local education authority and apply for grant-maintained status.

Although schools in England and Wales have now had three years in which to opt out, only a tiny number have done so – 278, or 1.1 per cent of the 25,000 schools in England and Wales. They are almost exclusively concentrated in the home counties, among grammar schools or high-achieving comprehensives. This is ironic, given that a principal objective of the policy was to free schools from town hall bureaucrats in left-wing councils. It is Tory Kent that heads the list, followed by Essex, Lincolnshire, Norfolk and Surrey. Liverpool and Lambeth, the ogres of Tory mythology, have a grand total of one grant-maintained school each. In the whole of Wales there are three grant-maintained schools.

Why opt out? Mr John Patten's white paper makes autonomy the key argument. "Autonomy is at the heart of the grant-maintained school idea", with governors of "self-governing schools" enjoying a "real sense of ownership". Grant-maintained schools get their budgets direct from Whitehall: how they spend them is their decision. Governors of GM schools can also apply to change the character of their schools, in defiance of the wishes of their local authority.

Local authorities and opponents of opting-out say the autonomy is a sham. Budget totals are fixed by Whitehall, and the new funding council to be established under the white paper will, they say, interfere just as much as local education authorities when it comes to matching supply and demand. As to the issue of selection, all schools are obliged to follow the detailed national curriculum, and for all the white paper's talk of "specialisation", ministers are evidently unenthusiastic about a wholesale return to the 11-plus exam.

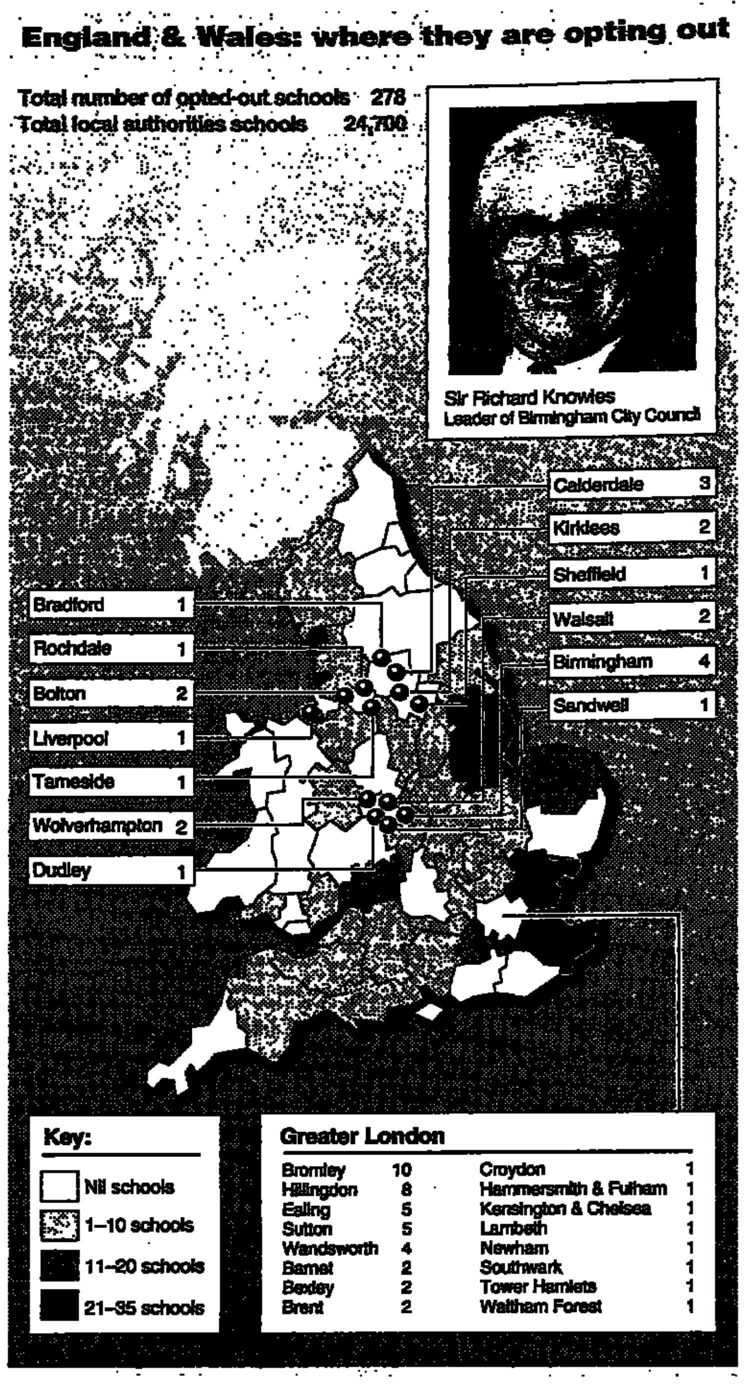
Parents trying to make sense of the emotive arguments on both sides should pay particular attention to the funding implications for their school. At present, grant-maintained schools receive a grant equal to their previous local education authority (LEA) funding. They also receive a share of the LEA's central education budget, calculated at 15 per cent of the school's budget. This formula has, for the most part, enhanced the budgets of grant-maintained secondary schools at the expense of schools remaining with the local authority. Capital budgets for grant-maintained schools are fixed directly by Whitehall – and in practice they appear to be getting far more than their "fair" share of such grants.

All that will change from the 1994-95 financial year, by when the new funding council should be up and running. The government has to finalise the details, but the white paper envisages grant-maintained schools being funded thereafter by a formula related to the sum the government estimates the local authority in each area should be spending on its schools – the so-called "standard spending assessment".

So, if your local authority is spending above its spending assessment on schools, you might be better off opting out; if it spends below, you could do best staying with the local authority. That fact alone is likely to encourage councils to spend up to or above their spending assessment on education, even if it means cutting other services in the process – as it probably will, since their *overall* spending is currently capped by the government. Since the government will nonetheless be keen to keep the opt-out momentum going, it may have to find some extra compensation.

One prominent LEA whose spending may rise to keep in the game is Birmingham. Indeed, when Mr Patten introduced the white paper this week he singled out the city for particular attack, accusing it of being "one of the worst education authorities in the country" and "kidnapping" £55m from its education budget to spend in other sectors. What is the current position, and how is the city reacting to the grant-maintained challenge?

The ornate, panelled chief education officer's office in Birmingham would, as Mr David Hammond, its occupant, admits, prove incongruously grand for the role of local education authorities envisaged in the white paper. But only three of the city's 420 schools are as yet grant-maintained, and the city council is confident it will remain a significant player.




Birmingham's moderate Labour leaders angrily reject Mr Patten's "kidnapping" allegation. There is no doubt that the city's education budget is currently £55m below the government's standard spending assessment. This has been the case for several years, with the gap between the assessment and the council's education budget once as high as £64m.

Birmingham's leaders deny, however, that city is a low spender on education. They say that unlike most local authorities, many of their educational activities – further education, training services and libraries – are not run or financed by the education department, so comparisons between the education budget and the standard spending assessment convey a false impression. They claim that on total spending per pupil, Birmingham is ahead of the average for metropolitan authorities – £390 a year compared with £368.

Sir Richard Knowles, the council leader, says the city is this year adding an extra 111 teachers and assistants to its payroll, and that pupils' performance "bears favourable comparison" with other city authorities – the proportion gaining five or more GCSE passes at grades A-C increased from 18 to 24 per cent between 1988 and 1991.

The argument between Mr Patten and Birmingham is, however, more than a discussion about definitions of local government expenditure. Mr Hammond is "sure it was no coincidence that on the day of launching the white paper Mr Patten should have chosen to attack Birmingham on the standard spending assessment".

Members of Birmingham's opposition Conservative group have made similar points in the council chamber and – particularly since the poor physical condition of school buildings has been a big feature in several opt-out campaigns in the city – the prospect of extra funds for repairs could prove a powerful argument for the pro-GM lobby.

Birmingham city council resolutely opposes grant-maintained status. Against the three schools which have so far gone, attempts by parents at two other secondary schools to leave the LEA have just been defeated in ballots. Some of the city's famous King Edward's grammar schools are expected to go grant-maintained before long.

The city council is actively campaigning to keep its schools, aiming to convince parents, says Sir Richard, of the "benefits for their schools and the communities they serve of staying in the local education authority family". Curriculum support, the music service, home tuition for children with long-term illness problems, replacements for staff on sick-leave and the council's environmental studies centres are all presented as advantages.

Some of the non-educational benefits are summed-up in a letter from one of the city's head teachers contained in recent education committee minutes. It thanks the council's engineers, insurance assessors and other specialists for their assistance after a fire at the school. "We all appreciate the help and support we are receiving," it concludes. "So much for opting out."

The council has taken a carefully undogmatic tone in its approaches to parents, stressing that with the policy of local management, under which LEAs are obliged to hand most of their budgets direct to schools, head teachers "can and do have the best of both worlds" – delegated powers over finance and staffing while staying in the family.

Even if progress towards grant-maintained status remains slow in Birmingham, however, council officials expect that the government's proposed central funding agency will gain a foothold in the city's educational affairs within two years. This happens within an LEA's area when at least 10 per cent of an authority's pupils are in grant-maintained schools – a much easier threshold to reach than 10 per cent of the schools.

Mr Hammond sees "some sound proposals" in the white paper, for example its approach to the provision of education for children with special needs. "However, it condemns us to another five years or more of chaos during which there could be three education authorities in the city – the council, the funding agency and education associations put in to take over the management of particular schools." (Education associations are the task forces which Mr Patten proposes to send into schools declared to be "at risk" by the schools inspectorate).

Mr Hammond regrets the extent to which the white paper seeks to rule out a direct role for local authorities over much of the future education agenda, at a moment when "other government departments are developing new ways of working with local authorities on policies like City Challenge and care in the community".

One of his deepest concerns is for the future of specialist services, some of which do not fall neatly into conventional budgets.

Mrs Virginia Bottomley, health secretary, last month launched her Health of the Nation strategy, which seeks to reduce teenage pregnancies, smoking, drinking and drug abuse among the young. Birmingham has an 18-strong health education unit in its education service which has won praise from the government and and Midlands health authorities.

"The unit is doing some of the best schools health education work in the country. Do we believe that, in a completely fragmented system of grant-maintained schools, that work will continue in the same way? Do we really believe it?"

Parents may, of course, find themselves in an invidious position: keen to maintain city-wide bodies like the unit, but not in a position to influence the decision more than marginally one way or another by the decision they take over their particular school.

Almost the only thing they *can* influence is the revenue of their school for the immediate few years ahead. The main impact even of that decision will be felt by the succeeding generation of children. Though, of course, by then the system may have changed again.

## *MAN IN THE NEWS*: *Erich Honecker*

# Ultimate apparatchik

When Erich Honecker raised a feeble clenched-fist salute as he left the Chilean embassy in Moscow this week, he showed the same sort of tottering truculence with which his own regime in East Germany had collapsed two years ago.

Yet even in the moment of his humiliation, the man who ruled the German Democratic Republic for more than 18 years seems incapable of arousing strong emotions among his people.

"So Erich's back?" came the typical response from a Leipzig worker. "So what? I don't need Honecker. I simply need a job again."

Mr Honecker was not just the leader of the country and its dogmatic Communist party, he was the very embodiment of the state: grey and grim, unimaginative and fundamentally indecisive. He was the ultimate apparatchik, who failed to turn his country into anything better than a pale, if more efficient, imitation of its Soviet master.

There is no burning desire for revenge on the streets of Berlin as the once almighty party secretary returns, but rather an exhausted bitterness at the unholy mess he left behind.

There is a very angry and articulate minority of people who suffered deeply from his regime – thousands who lost family members shot dead at the Berlin Wall or the inner-German border (for which he is now being charged with manslaughter), or years of their lives in political detention and powerless dissidence. Most, however, would be happy to see him humiliated, without massive retribution. A not inconsiderable minority who served in the party and the rest of the state apparatus feel bitter and bewildered that it is happening at all.

If he is found guilty, and no doubt weeks of embarrassing and complex legal argument will come before that, the irony is that he would suffer far more severely under his own East German law than under that of the West: 10 years' sentence for manslaughter, instead of five if the western rule is followed.

Mr Honecker's rule was certainly harsh, and he was quite prepared to go along with his colleagues in issuing a shoot-to-kill instruction to border guards trying to catch would-be refugees to the west. At the same time he was always ready to bend his own rules in exchange for profitable deals with Bonn: accepting a DM1bn loan, for example, in exchange for removing thousands of automatic shrapnel weapons mounted along the border.

Doggedness, and a slavish adherence to the party line from Moscow, made him a perfect satrap for a Soviet-controlled state. He began life as a poor miner's son from Neunkirchen in the Saarland, and never allowed his audiences to forget it. Whenever he was shown round the standard shoddy East German apartment, he would compare it favourably with Saarland living conditions in the 1920s.

As a staunch Communist party member in the 1930s, he went to help build the Soviet steel town of Magnetogorsk, in the Urals. When questioned about the food shortages there, he said they "made no impression" on him: when he was a boy in the Saarland, the shops were full, but he had no money.

He returned to join the Communist underground in Nazi Germany, was transferred to Berlin, and there was arrested and sentenced to 10 years' imprisonment for "preparing high treason". He was held for 18

months in the very Moabit prison where he is currently in detention.

After the war, he rapidly proved himself a staunch loyalist to Mr Walter Ulbricht, the first East German Communist leader, first by setting up his Communist youth organisation, and then, as the politburo member responsible for the military and state security, by building the Berlin Wall.

He also met his second wife, Margot, in the youth movement, where she was a pure version of the East German pin-up girl – always smiling at the forefront of the international solidarity photographs.

Even though the early Honecker years after he succeeded Ulbricht in 1971 were probably East Germany's most prosperous, the population never really forgave him for the Wall. They also never accepted his wife. She was known as "the witch", and generally regarded as the steel in the soul of the grey party bureaucrat she married. "There are probably more people who would like to see her behind bars than him," according to one observer. The fact that she has now fled to Chile, leaving her husband alone to face the German courts, simply confirms her reputation.

As for Mr Honecker's trial, it is likely to prove embarrassing for all concerned, which is why the German government has always seemed half-hearted about wanting him back. It will be hard to make the manslaughter charges stick, at least under the East German law of the time, for Mr Honecker undoubtedly had huge powers of administrative fiat. He is also charged with abuse of trust, in relation to some DM15m in missing East German Treasury funds. But his real corruption was abuse of power.

The political embarrassment for Bonn is that everyone will be forcibly reminded how Mr Honecker was once quite blatantly courted by the politicians of the west.

His state visit to Bonn in 1987, to be entertained with full honours by Chancellor Helmut Kohl, was seen as a triumph for his twin-track policy: to deprive his own people of all contact with the west, while courting the West German political and financial elite. Politicians of all persuasions, including Chancellor Helmut Schmidt of the Social Democrats, and Mr Franz-Josef Strauss, the arch-conservative Bavarian leader, flocked to see him in Berlin.

Quite cynically, he earned billions of deutschmarks each year from western payments for services to isolated Berlin, the release of prisoners to the west, and for reuniting families. Ironically the latest revelations suggest that his own more dogmatic colleagues, like Mr Erich Mielke, the now former minister of state security, tried to get rid of him in the 1980s for excessive fraternising with the capitalist west.

All of that is likely to come out in court, to nobody's credit at all. Perhaps that will be the revenge of the grey man.

**Leslie Colitt and Quentin Peel**

Security problems are exacting an ever-increasing toll on the retail industry, writes **John Thornhill**

# Crime doesn't pay

The staff at the Marks and Spencer store in St Albans grew suspicious when the pram lingered for an unduly long time behind a pillar – out of sight of the closed-circuit televisions.

A store detective was despatched to investigate and watched as a couple systematically picked clothes off the racks and fed them through the false floor of the pram into a large cardboard box beneath. The police were called. The couple were arrested.

Almost £1,500 of goods was found in the pram while a further £2,000 of clothes had been carefully stashed on racks in the couple's van outside. The police also discovered a long list of clothes in the van with their precise product codes and price points written beside them. Each item had been ticked off as it was stolen.

Mr Marc O'Connor, store manager, says four people were involved in this particular ring, which had raided many stores over several months. They went around public houses in a particular area, asking drinkers what goods they would like and then simply went out and stole them. "They were an organised team who were clearly stealing to order," he says.

This example of organised theft typifies the growing and costly threat posed by crime to UK retailers. Yesterday's fire-bomb attacks in Milton Keynes reveal one horrifying dimension of the problem. Eight fire bombs were planted in the town's shopping centre, and while only two went off – in Habitat and BhS – the attack caused considerable disruption.

Violence is the most graphic aspect of the crisis facing retailers. But shoplifting, internal fraud, ram-raiding, extortion, kidnapping and wage heists are also preoccupying them more than ever before.

The Home Office estimates that about £2bn a year is lost through shop theft alone – a figure considered very low by many retailers. But to put even that figure into context, it is about the same as the annual turnover of the W H Smith group, which has 1,100 stores.

Until recently, retailers were reluctant to discuss crime, fearing that to talk openly about it was somehow an admission of failure to resolve the difficulty. Others believed that publicity of individual cases would fuel copy-cat attacks. But the scale of the problem is now so great that the retail trade associations are increasingly speaking out and pressing the government for solutions.

Individual industry leaders are also adding to the pressure. Last month, for example, Sir Richard Greenbury, chairman of Marks and Spencer, told shareholders that the company had increased its security budget from £15m to £21m in the past year. He went on to criticise the lenient sentencing policy of many courts.

"There is not a day that goes by when we have a store that is closed by a bomb threat or a week that goes by without violence in our stores. We have had armed hold-ups at the back of our stores. We have had staff held up with 12-bore shotguns," he said.

Last year, M and S recorded a 23 per cent increase in violent "incidents" over 1990. The company arrested 15,000 shoplifters – almost 50 for every day its stores opened.

Mr Derek Hayes, the divisional director responsible for M and S's store operations, estimates the company's annual loss from theft at £30m, under 1 per cent of turnover. That figure is lower than for many other retailers, which budget for losses of between 1 per cent and 5 per cent.

Electrical goods retailers have arguably suffered the most from crime over the past few years as a result of ram-raiding where cars are driven at high speed through the windows or doors of stores and occupants make off with looted goods.

Mr Stanley Kalms, Dixons' chairman, says: "Ram-raiding has become part of the local criminal culture. A rite of passage. 'Have you done the Currys or the Dixons this week?' they ask."

One of Dixons' stores in Birkenhead, on Merseyside, has been the subject of 14 criminal attacks over the past year. And although a host of defensive devices – such as metal shutters, bollards and car traps – has largely negated the threat of ram-raiding, alternative methods of forcing entry are now being employed.

Security guards, closed-circuit televisions, bullet-proof glass and panic buttons for shop assistants have become part of the fixtures and fittings of a modern retail outlet. Increasingly, high-tech solutions are being sought.

Dixons, for example, has spent millions of pounds installing a security system which links 500 of its trading sites into one cental monitoring room based in a secret location in Hertfordshire. From this one room, security guards are able to monitor its sites by way of video cameras.

Shop scares: police outside a Milton Keynes shop where a bomb ignited on Thursday

The police argue that counter-measures to combat crime are unlikely to prevent it altogether. Such measures are more likely to lead to attacks on less well-protected stores or to an escalation of violence.

Mr Tony Whitmarsh, chairman of the British Retail Consortium security committee, fears that tackling crime in one sector of the high street will only push it into another. He believes that the big companies which can afford to install counter-measures "will drive the problem down to the smaller retailers, which are less well equipped financially to deal with the problem. At the end of the day that is going to lead to less consumer choice for high-quality high-price goods," he says.

**Last year M and S had 149,000 "incidents", up 23 per cent in 1990**

But one solution the retail trade agrees upon is that sentencing of offenders should be more rigorous and consistent. There is nothing more frustrating, they say, than to apprehend offenders only to see them released the next day with a caution.

The British Retail Consortium, the industry's trade association, is attempting to stimulate a debate about how best to deal with criminals. It favours more aggressive prosecutions, some means of obtaining restitution from offenders and rehabilitation courses (which have been successfully tested in the US). It is holding a conference in October to discuss the issue of retail crime with representatives from the Home Office, the Crown Prosecution Service and police forces.

The problem for retailers is that they have to deter criminals while not alienating the great majority of honest customers. It is difficult to design stores that are inviting and attractive and yet also secure. There can be few actions more guaranteed to ensure that customers do not return than to arrest them falsely or subject them to heavy-handed security treatment.

There is also a danger that retailers could misinterpret some shoppers' eccentricities. One director of a chemist's chain, who fancied himself as a detective, shamefacedly recalls how he once spent hours following a shifty-looking youth around a store. Just as he was about to challenge him, the shopper plucked up courage, approached a sales counter and whispered: "A packet of condoms, please."

# The Italian connection

**Haig Simonian** on a business and political scandal

As he faces his second weekend in Milan's decrepit San Vittore jail, Mr Salvatore Ligresti, the 60-year-old Sicilian-born property magnate who is one of the richest men in Italy, may reflect ruefully on his path to the top.

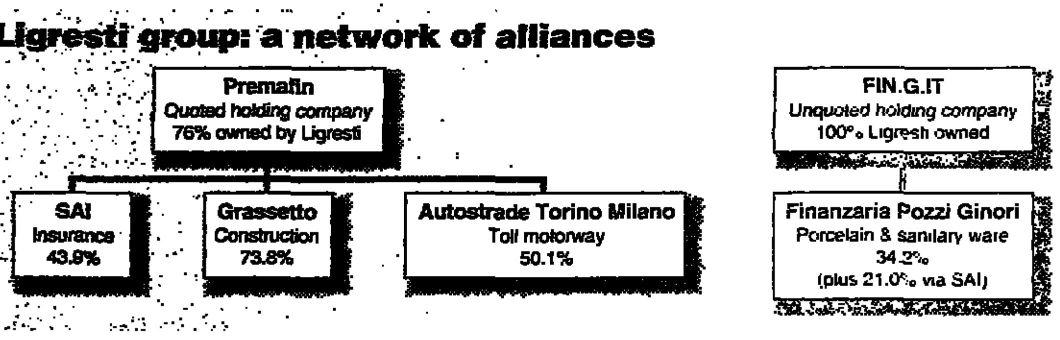
Mr Ligresti is the most prominent figure to have been arrested in the growing political scandal in northern Italy, which has so far caught over 70 party functionaries, businessmen and bureaucrats in its net. With magistrates planning to work through the August holidays, many Milanese believe the investigation could yet reach the highest levels of the country's business and political elite.

During his rise, Mr Ligresti has become a central cog in the network of corporate and business alliances which link many of the country's most prestigious companies. But having been charged with involvement in corruption and having admitted paying bribes of more than L1bn (£460,000) to win contracts for Milan's new metro line his lawyers are now trying to secure his release pending trial.

The arrest of a businessman who counts among his friends Mr Enrico Cuccia, the veteran honorary chairman of Mediobanca, the Milanese merchant bank, and Mr Bettino Craxi, the Socialist party leader, has sent shock waves through Italian business circles. No other entrepreneur so successfully spans the worlds of politics, business and the bourse. And few have had a bigger visual impact on Milan than Mr Ligresti. His Premafin holding company has built a string of almost-identical glass-clad office towers.

Premafin, 76 per cent owned by Mr Ligresti, controls four quoted companies in insurance, construction, toll motorways and porcelain and sanitary ware. The most important is SAI, one of Italy's biggest insurers with annual premiums of more than L2,300bn. The company has enabled Mr Ligresti to break out of his role as a property baron and become a lynchpin of Italian finance. SAI's investments in blue chip companies such as Cofide, Pirelli and Italmobiliare, the holding companies for the De Benedetti, Pirelli and Pesenti families, gave him the key to the "salotto buono", the good drawing room, of Italy's industrial aristocracy. In most cases, those shareholdings provided a seat on the board.

**Ligresti group: a network of alliances**




SAI is also the best-known of Mr Ligresti's operations abroad and has built links with European insurance groups and institutional investors. Friends' Provident of the UK now owns 4.3 per cent of Premafin and almost 2 per cent of SAI, while Groupe des Assurances Nationales of France (GAN) has 10 per cent of SAI.

SAI's real gem is its 2 per cent stake in Mediobanca which is at the centre of a complex network of cross-shareholdings between many of Italy's best-known private-sector companies.

The relationship between Mr Ligresti and Mr Cuccia, a fellow Sicilian, goes back at least to the mid-1980s when Mr Ligresti used his good offices with Mr Craxi, then prime minister, to smooth Mr Cuccia's plans for the part-privatisation of Mediobanca.

Since Mediobanca managed the flotation of Premafin in 1989, the links between Mr Ligresti and Mr Cuccia have tightened.

One of the most striking examples of their co-operation came with the revelation that Mr Ligresti had bought 5 per cent of Continental, the German tyres group which Pirelli, advised by Mediobanca, tried unsuccessfully to acquire in a protracted bid battle last year.

Such high-level patronage has earned Mr Ligresti both envy and enemies. The son of a shopkeeper from a village near Catania, his virtually rags-to-riches story triggers gossip from the snobbish Milanese.

Mr Ligresti first crossed swords with the city's magistrates in a scandal over land sales to the council in the mid-1980s. The affair prompted the resignation as mayor of Mr Carlo Tognoli, one of the most prominent politicians now under investigation as part of the umbrella Milan investigations into fraud and corruption.Subsequent arrests involved allegations of planning violations at new office developments. In each case, Mr Ligresti was acquitted.

Mr Ligresti's latest problems are likely to prove more serious than those in the past because the scope of the current investigations is much wider and the position of the main political parties is weaker.

Shares in all Mr Ligresti's companies have plunged since his arrest, though some parts of the group were already facing difficulties. SAI, for instance, has been exposed to underwriting losses while earnings at Grassetto, Premafin's construction subsidiary, have also fallen because of recession and tougher competition abroad. The scandal has aggravated the business outlook by putting a brake on new public-sector contracts. Orders could fall further given the prospect of severe public spending cuts as part of the government's plans to reduce the budget deficit.

Even property development has been suffering. Real estate prices in Milan have fallen sharply since the late-1980s. Office rentals have also slipped. Many of Mr Ligresti's developments are vulnerable as they are in outlying areas, often poorly served by public transport.

No one is suggesting that Mr Ligresti's empire is about to topple. He may bounce back. But bankers believe it will take time and even Mr Cuccia's patronage may not be enough to stop some of Mr Ligresti's boardroom buddies distancing themselves from their Sicilian colleague, no matter how great his financial muscle.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Education in wealth creation

*From Mr Denis E Filer.*

Sir, The enthusiasm of business and industry for closer links with education (Management, July 29), is fully endorsed by The Engineering Council which is mobilising a nation-wide army of engineers and technicians to work with secondary schools through the Neighbourhood Engineers initiative.

Under this scheme more than 1,600 engineers are currently working with teachers, pupils and parents to deliver the curriculum in more than 6,000 schools.

Also, girls are encouraged to consider a career in a technological field through visits to schools by specially equipped buses and trailers, sponsored by industry, through our WISE (Women Into Science and Engineering) campaign.

Since the launch in 1984 of this campaign by the council and the Equal Opportunities Commission, the number of women studying engineering in higher education has increased from 7 per cent to more than 15 per cent.

Only through closer links with schools, and helping with the curriculum, can industry hope effectively to influence education of its significance to wealth creation and to the economic success of the nation.

Denis E Filer,
*The Engineering Council,*
*10 Maltravers Street,*
*London WC2R 3ER*

## Devaluation is no answer, and 'siren voices' must be resisted

*From Mr R M J Kenber.*

Sir, Once again, some of Britain's industrialists cry "devalue" ("Business chiefs join call for devaluation of sterling", July 31). I do not believe this would solve Britain's economic difficulties. Way back in 1981, when the pound was worth nearly two D-Mark more than it is today, my company was the first hop merchant to win the Queen's Award for Exports. We had succeeded in selling English hops to a number of foreign countries which have continued to import them ever since – irrespective of currency parities.

Mind you, we did it through sheer hard work, and we didn't pay ourselves huge salaries...If the Germans can export with a rock-hard currency, why shouldn't we British?

R M J Kenber,
*Lupofresh,*
*Alexandra House,*
*138 Alexandra Road,*
*Wimbledon SW19 7JX*

*From Mr Matthew Brodrick.*

Sir, Those calling for a sterling devaluation, in the hope of allowing domestic interest rates to fall, are surely overlooking the consequences for the UK's balance of payments, and the short- and long-term effects on British exporters.

In the short term, a sterling devaluation will have the effect of reducing export earnings – foreign demand for British goods will not suddenly jump overnight because those goods are perceived to be cheaper.

In the longer term, such is the British propensity to import, any recovery will lead to the inevitable increase in demand for foreign goods, but at a higher price relative to the size of any devaluation. These domestic inflationary pressures will have to be offset, most probably through the use of higher interest rates. Additionally, export earnings will only recover should expenditure switching be possible, and foreign purchasers can find British goods which are suitable substitutes for foreign ones.

The UK economy would therefore have gone full circle, firstly depressing the export earnings of industry, and secondly by offsetting inflationary pressures from imported price rises through the use of higher interest rates. For this, British industry would not thank the present government if it ceded to the "siren voices".

Matthew Brodrick,
*Top Floor Flat,*
*48 Alma Vale Road,*
*Clifton, Bristol BS8 2HS*

## No better than a pint

*From Mr Richard C M Bryant.*

Nigel Andrews' article on Burgundy ("Burgundy, only the real thing will do", July 25) was delicious and most welcome, but how can he propose that *boeuf à la Bourguignonne* should be washed down with "... a good bottle of St Emilion"?

What of Pommard? What of Morgon, Corton, Vosne Romanée, Richebourg?

Mr Andrews might as well propose a pint of mild with jellied eels.

Richard C M Bryant,
*34 Hannell Road,*
*Fulham, London SW6 7RB*

## No mention of the unemployed

*From Mr John R Wiltshire.*

Sir, Samuel Brittan's article, "Recession, but not all gloom and gloom" (July 30), reached a new low in insensitivity and complacency.

As far as I can see there is no mention in the article of the unemployed and who is to say the numbers of unemployed will not exceed 3.25m next year?

Mr Brittan seems oblivious to the families in the south-east who are being booted out of their homes through no fault of their own but due to the government's slave-like adherence to the ERM strait-jacket of which Mr Brittan is one of the most vociferous advocates.

Clearly he has no idea how ordinary people are feeling in the depths of this unpleasant recession.

John R Wiltshire,
*193 Burnt Oak Lane,*
*Sidcup,*
*Kent DA15 9BW*

## Environment has its own agenda

*From Mr Simon Weil.*

Sir, David Neckar (Letters, July 30) makes half a point when he asserts that American asbestosis and environmental pollution claims are eating away at the foundations of the Lloyd's market. But to withdraw from America is to stick one's head in the sand.

There is nothing peculiar to America (nor, for that matter, Lloyd's) about these claims. It is merely that they hit America earlier than they do here because the legislation was brought in earlier in America.

Worldwide, the environmental movement is riding a high tide of public opinion. It is not responsible to anything other than its own agenda. It pays no attention to the costs of its own campaigns. One of these may be a viable insurance industry.

It is about time people woke up to the fact that environmentalism is not a free lunch.

Simon Weil,
*23 Rannoch Road,*
*Hammersmith,*
*London W6 9SS*

## Retrograde step for credit card holders to divulge PIN to confirm their identity

*From Messrs William S. Harbison and Mark Lomas.*

Sir, We have some major concerns about some of the points made in David Barchard's article "Beating the cardsharps" (Credit and charge cards survey, July 15).

The Home Office proposal to place photographs on credit cards may help to reduce the impact of opportunist thefts. However, a card can have the correct photograph but a forged magnetic stripe. A cashier, put at ease by the correct photograph and signature, would be less likely to notice the forgery than at present. The use of photographs could encourage an increase in the number of certain well-documented frauds.

Of much greater concern is the statement that UK banks are considering the use of personal identification numbers (PINs) at the point of sale as a way to make card transactions more secure.

Banks have always stressed the importance to the card-holder of keeping the PIN secret and not divulging it to anyone. They have taken the approach that if a valid transaction is made using a card and the correct PIN then only the card-holder could have both of these and must therefore have been involved with the transaction.

We are aware of well-documented instances of card fraud where this has not been the case. From research undertaken at the computer laboratory in Cambridge we know of a number of serious frauds perpetrated using traditional magnetic-stripe based cards.

By far the most potentially damaging to the image of the whole system, and to the trust that card users place in it and the financial institutions running it, are those that occur using knowledge of the PIN.

We know of documented frauds perpetrated using counterfeit cards and genuine PINs gathered from simple visual observation of their entry. The easy availability of equipment that can be used to create seemingly authentic magnetic-stripes is evident from the many advertisements in your special section.

To insist on the use of the card-holder's PIN at the point of sale (the stated option preferred by the industry to combat card fraud) will inevitably make it much easier for the criminally minded to obtain PINs – by simple observation at any checkout; and therefore seeming to give a considerable boost to just such criminal activities the measure is intended to combat.

We are also aware of a number of other mechanisms that are used to part the unwary from their PINs – including the use of counterfeit point-of-sale (POS) equipment to gather both PINs and account details.

We strongly believe that to encourage card-holders to divulge their PINs in even more public places and on even more occasions than before, is a retrograde step in the efforts to combat card fraud and to protect the many millions of card-holders.

William S. Harbison and Mark Lomas,
*University of Cambridge Computer Laboratory,*
*New Museum Site,*
*Pembroke Street,*
*Cambridge CB2 3QG*

# Lloyds Bank 11% higher at £369m

By David Barchard

LLOYDS BANK, the smallest of the Big Four UK clearers by asset size, yesterday reported an 11 per cent rise in its pre-tax profits during the first half of the year.

However, the improvement chiefly reflected lower provisions against bad debts and the release of £72m of provisions of problem country debt.

Pre-tax profits for the half year to June 30 were £369m, up from £331m a year ago. The total bad debt charge was £329m, down from £425m. Total assets were down from £54.17bn a year ago to £50.39bn.

Sir Jeremy Morse, Lloyds' chairman, said that though there had been tight control of costs, the trading side had not been good because of the continuing recession in the UK economy.

Lloyds Abbey Life was the group's most profitable business, contributing £142m (£150m) pre-tax, followed by its problem country debt operation which made a pre-tax profit of £95m (£14m) including release of the £72m provision.

*Corporate banking* contributed £60m, up from £18m a year ago, with provisions down from £82m to £41m. The provisions were the lowest figure for the past five half years.

UK retail banking, usually regarded as the activity in which Lloyds outshines its competitors, made pre-tax profits of £11m, down from £56m a year ago, after bad debt provisions of £266m, mostly against losses on loans to small and medium sized businesses. Personal customer business is said to be improving.

Private banking made profits of £38m, up from £35m, and profits from international banking rose from £26m a year ago to £37m.

Lloyds Merchant Bank slipped into a loss of £14m, down from a £3m profit last time after provisions of £18m against investments by Lloyds Development Capital. However, investment managing and stockbroking are said to be doing well.

Net interest income declined from £1.2bn to £1.07bn. Other *operating income was slightly* up at £815m (£806m), including £166m (£160m) in UK current account fees and £254m (£224m) in other UK fees and commissions. Credit card income was flat at £36m (£35m).

Lloyds' unsuccessful bid for Midland Bank cost £4m.

The group's net interest margin narrowed to 4.4 per cent from 4.49 per cent. In the UK the net interest margin was 5 per cent, down from 5.33 per cent.

Group operating costs were slightly down at £1.18bn (£1.28bn), producing an improvement in the cost:income ratio which fell to 63 per cent from 63.7 per cent a year ago.

The total number of employees working for the group fell from 71,521 a year ago to 65,458 at the end of June.

Lloyds' capital ratios are stronger than they were a year ago with its risk asset ratio at 10.2 per cent, up from 9.2 per cent and the tier 1 capital at 6.7 per cent. Its loan book in the UK has fallen to £30.96bn from £33.5bn a year ago.

Earnings per share were 16.4p, up from 14.7p, and the interim dividend is being increased to 5.9p (5.4p).

In the market, Lloyds' shares fell sharply, closing 23p down at 401p.

See Lex

Tony Andrews

Sir Jeremy Morse: trading side had been affected by continuing recession in the UK

# O'Reilly takes 1.3% stake in Mirror Gp Newspapers

By Raymond Snoddy

MR TONY O'REILLY, former Ireland rugby international and the head of Heinz the US food group has given the most tangible evidence so far of an interest in Mirror Group Newspapers.

Since the re-listing of MGN shares earlier this month Independent Newspapers in Dublin, the newspaper group, of which Mr O'Reilly is chairman, has bought a little more than 5m shares or 1.3 per cent.

The shares were probably bought at an average price of about 60p following the opening of the re-listed shares at 50p. The MGN shares have climbed gradually since and closed yesterday at 71p, an increase of 2p on the day.

MGN management found out about Mr O'Reilly's modest stake building by submitting 212 disclosure forms to find out who was buying the shares.

The Independent Newspapers stake was the only one to be revealed that suggested that potential purchasers of the popular newspaper group might be buying. The rest of the activity in the shares came from stockbrokers and involved relatively small stakes.

Mr O'Reilly has made no secret of his interest in MGN which includes the Daily and Sunday Mirror, The People and the Scottish Daily Record and Sunday Mail.

A 1.3 per cent stake is however little more than symbolic.

More than 54 per cent of the company in under the effective control of Arthur Andersen, the administrators to the private Maxwell interests.

All the signs are that the administrators intend to hold on to the stake until the share price returns much closer to the flotation price of 125p.

# $913m agreed bid for Templeton, Galbraith

By Norma Cohen, Investments Correspondent

TEMPLETON, Galbraith Hansberger, the London-listed and Bahamas-based international fund management company, is being acquired by Franklin Resources Incorporated, the California-based fund manager in an agreed deal valued at $913m (£473m).

Franklin specialises in fixed-income retail products and the merger will form the largest independent fund management company in the US.

The merger is widely viewed as a bellwether for the mutual fund industry which is facing increasing competition in a mature market. Selling expenses are rising and industry analysts are taking the view that further consolidation within the industry is likely.

"Fund managers will need to have more money under management in order to cover costs," said Mr Patrick Donlea, partner at Cazenove which acted as adviser on the transaction.

The deal is expected to give Templeton access to greater distribution networks in the US, said Mr Martin Flanagan, a director of TGH. Templeton recently announced changes to its pricing structure, lowering front-end fees on its mutual funds because they were substantially above the industry average and were costing the company sales.

The terms call for Sir John Templeton, the 79-year old founding member of the company, his son Mr John Templeton and partner Mr John Galbraith to receive $5.69 per share. The three own about 70 per cent of the company.

Sir John has said he would like gradually to reduce his involvement in the company's affairs and will change his role in the new structure to that of consultant.

Public shareholders will receive $6 a share. Because of the deal, no dividends will be paid in respect of the six month period ended June 30 1992.

If Templeton loses more than 20 per cent of its funds under management before the deal can be approved by shareholders then the price per share will fall. If more than 40 per cent of funds under management are withdrawn, both Templeton and Franklin have the right to terminate the agreement.

*Franklin said its intention* was to keep the management structure and investment style of Templeton intact – a key factor in retaining Templeton's client base. To this end, it plans to offer employment contracts, which include bonuses, to certain employees, including four of the directors. Two of the four are Mr Thomas Hansberger and Mr J Mark Mobius, investment manager of the highly successful emerging markets fund. If the directors stay a further two years after the merger, they will receive another $32m in bonuses.

# Associates boost for Lex

By Peter Pearse

A SHARP increase in the share of profits from associates and a £6.8m fall in interest payable to £3.6m helped Lex Service, the motor group, lift pre-tax profits from £4.2m to £16m in the six months to June 28.

The half-year was one of change for the group. In March, Lex lost the UK import concession for Volvo cars, an important source of its profits for years.

Volvo assumed direct control and paid Lex £73.5m compensation which constituted the bulk of Lex's £79.6m extraordinary gains in the latest results.

The money accrued, along with the profits on the sale of Lex Electronics Europe, enabled Lex to reduce its borrowings from £57m to £19m; to increase shareholders' funds to £244.6m (£203.8m); to buy in May Swan National Motor Group, then a wholly owned subsidiary of the TSB banking group, in a deal worth about £45m; and at the period-end to exercise its option to buy for about £5.7m the remaining 50 per cent it did not already own of Seltra, the Paris-based truck contract hire company.

The share of profits from associates at £10.8m (£900,000) outstripped Lex's own operating profits at £8.8m (£13.5m). The company said that this would change once the period of transition was past.

Arrow Electronics of the US, to which Lex sold its North American electronics components businesses for 6.9m shares, or 34 per cent of its equity, in September 1991, contributed £4.6m to Lex's associates' total. Lex was selling its stake "in a controlled way". It has already made £1.5m, taken as an extraordinary profit. The proceeds of the Arrow disposal, the company said, would be reinvested in Lex's core distribution and leasing sides.

Some £4.7m of the associates' contribution came from the car and truck leasing companies, jointly owned with Lombard North Central, with cars chipping in profits of £3m (losses £900,000).

Turnover from continuing businesses rose £3m to £324m giving trading profits of £6m (£5.5m). Trading profits from discontinued activities were £7m (£13m).

The company said that "there were the weakest signs of recovery" in the new car market. Thanks to the one month of sales from Swan National, Lex lifted its market share, selling 14,000 cars. Operating profits in Lex Retail were £5.5m, "slightly higher than" last time.

Earnings grew to 10.5p (1.5p) per share and the interim dividend is held at 4p.

See Lex

# OMI incurs £2.7m loss and shares fall

By Andrew Bolger

SHARES of OMI International fell 5p to 12p yesterday after the design, instrumentation, and electro-optics group announced heavy losses and the sale of businesses.

OMI, formerly called Optical and Medical International, made pre-tax losses of £2.68m in the year to March 31, compared with profits of £2.45m last time. Turnover was £51.21m (£53.48m).

The group has agreed to sell its aerospace and general design businesses and the staff placement agency business, OTS Services, to Hebron & Medlock (Holdings), a private company. The deal will bring OMI a net £2m in cash, but the group made an extraordinary provision of £12.82m, principally to cover the disposals.

Also included in the extraordinary provision were the costs of closing parts of Peters & Zabransky, a German subsidiary.

Mr Gil Williams, chairman and chief executive, said this exit from the depressed aerospace and general design businesses was part of the group's strategy of focusing on specialised products and added-value services – such as industrial logistics, diagnostics and optronics.

Losses per share of 6.4p compared with a profit of 3.4p last time. At the year-end, OMI had net cash of £478,000, which will be boosted by the proceeds of the disposals. In view of the strength of the balance sheet, the board recommended a final dividend of 1p, giving a total for the year of 1.75p (5.21p).

# NatPower chief's pay doubles as jobs go

MR JOHN BAKER chief executive of National Power earned £383,000 in the year to March, 1992, more than double his remuneration of £147,000 in the previous financial year, writes Peggy Hollinger.

This was revealed in the company's *latest* annual accounts published yesterday, which also show that the company shed some 3,092 jobs last year leaving the total at 11,421. A further 2,400 job losses are planned.

*National Power said it* intended to withdraw from industry-wide negotiating committees by the end of 1992, and would make its own arrangement for negotiating with unions.

Mr Baker's basic salary, which has been increased twice since the spring of 1991, came to £246,000 for the year to March 31.

# Losses increase to £125m at Airedale

By Peggy Hollinger

AIREDALE, the private holding company for the Magnet kitchen retailing business, fell further into the red with pre-tax losses of £125m for the year to March 28.

The result, which compared with a loss of £118m the previous year, was struck on turnover 17 per cent down at £187m.

Mr Louis Sherwood, chairman, said "highly-successful" cost-cutting had helped to cushion operating losses which rose from £23.5m to £27m.

Net interest charges fell, however, from £95.3m to £94.7m. Airedale, which owes about £664.2m to bankers, earned *some £3.6m on cash* deposits.

Mr Sherwood said there had been little actual interest paid during the year. Under current financing arrangements, capital and interest payments on *the company's loans are rolled* up until the end of December.

"In light of recent discussions with the group's senior lenders," Mr Sherwood said, "the directors are confident that satisfactory arrangements will be put in place well before that time."

Magnet, Airedale's operating company, remained financially sound with net assets of £160m, a healthy cash balance and no debt, Mr Sherwood said. The subsidiary is shielded from its parent's debts through an arrangement with bankers. *Until Magnet forecasts* a positive cash balance of £30m for the following six months, it cannot help pay Airedale's debt or interest.

Mr Sherwood said steps had been taken to stem losses in *Airedale's retail business*. The trade division had moved back into profit, although on lower sales.

The pre-tax figure included a £3.4m exceptional item arising from the introduction of new bedroom ranges.

In view of the capital structure of the company, said Mr Sherwood, an earnings per share figure would have little relevance. There was no dividend.

*Airedale also faces a claim* from GE Capital, which is pressing for repayment of £70m mezzanine debt. The loan was part of £629m provided in 1989 for the Magnet management buy-out. Mr Sherwood said the group would "defend the actions vigorously".

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Enterprise Comp ......fin | nil | - | 1.5 | 1.25‡ | 2.5 |
| Forminster ..............fin | 8.75 | Sept 23 | 8.275 | 12.531 | 11.75 |
| Lex Service ............int | 4 | Sept 8 | 4 | - | 10 |
| Lloyds Bank ............int | 5.9 | Oct 15 | 5.4 | - | 16.7 |
| OMI ........................fin | 1 | Oct 30 | 3.46 | 1.75 | 5.21 |
| Worthington Grp ......fin | 1.1 | Oct | 0.75 | 1.4 | 0.75 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡For 15 months.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc Date | 1992 High | 1992 Low | Stock | Closing Price | + or - | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 210 | F.P. | - | 208 | 201 | Anglian Group | 208 | +5 | W8.7 | 2.0 | 5.6 | 12.1 |
| - | F.P. | - | 4 | 2 | Brent Walker Wts to Sub. | 2½ | | - | - | - | - |
| - | F.P. | - | 32 | 19 | Dwyer A | 19 | | - | - | - | - |
| 500 | F.P. | - | 495 | 468 | European Smllr Co's Uts | 475 | +1 | - | - | - | - |
| - | F.P. | - | 150 | 145 | Finsbury Smlr Co's Zero Pf | 145 | -1 | - | - | - | - |
| 351 | F.P. | - | 372 | 342 | HSBC HK10 | 356 | +7 | M200c | 1.3 | 5.1 | 24.9 |
| - | F.P. | - | 84 | 63 | Henderson Eurotrust Ord | 63 | | R3.0 | - | 6.3 | - |
| ‡ | F.P. | - | 99 | 92 | Do Units | 92 | | - | - | - | - |
| - | F.P. | - | 30 | 27½ | Do Zero Div Pf | 29 | -1 | - | - | - | - |
| 285 | F.P. | - | 290 | 276 | Kenwood Appliances | 285 | | W7.5 | 2.4 | 3.5 | 15.1 |
| 100 | F.P. | - | 103 | 100½ | Kl'wort Endowment Policy | 102 | | - | - | - | - |
| £10½ | F.P. | - | £12¼ | £9⅝ | Latin Am Inc & Appr. 1c | £9¾ | | - | - | - | - |
| 115 | F.P. | - | 123 | 113 | MFI Furniture | 120 | | R3.75 | 2.0 | 4.2 | 16.0 |
| - | F.P. | - | 11 | ¼ | Multitrust Warrants | 11 | | - | - | - | - |
| 136 | F.P. | - | 153 | 143 | Quality Care Homes | 151 | +2 | R4.0 | 2.3 | 3.5 | 13.4 |
| 140 | F.P. | - | 162 | 145 | Taunton Cider | 160 | +2 | W4.75 | 1.9 | 4.0 | 17.3 |
| 325 | F.P. | - | 298 | 274 | Telegraph | 285 | -7 | N10.0 | 2.2 | 4.8 | 11.1 |
| 122 | F.P. | - | 138 | 122 | Vega Group | 130 | | L2.29 | 1.9 | 2.3 | 19.5 |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc Date | 1992 High | 1992 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| - | F.P. | - | 15p | 8p | Brent Walker Var Rte 2nd Prf '00/07 | 12p | |
| - | F.P. | - | 12p | 4p | Do. 8½pc 3rd Non-Cum Cr Prf 2007/10 | 4½p | -¼ |
| - | F.P. | - | 100½p | 100½p | Caspen Oil 11% Cnv ULS 94/97 | 100½p | |
| 100p | F.P. | - | 110p | 102½p | Commercial Union 8¾pc Cm Irrd Pf | 108¼p | -½ |
| 100p | F.P. | - | 110p | 107¼p | Fulcrum Inv Tst Zero Div Pf | 107¼p | -¼ |
| - | F.P. | - | 59¼p | 48½p | M & G Recovery Zero Div Prf 1p | 51p | -¼ |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc Date | 1992 High | 1992 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 110 | Nil | 5/8 | 20pm | ¼pm | BET | ¼pm | +½ |
| 165 | Nil | 26/8 | 12pm | 3pm | Burnfield | 3pm | |
| 5p | Nil | 11/8 | 1pm | ¼pm | Hickson | ¼pm | |
| 385 | Nil | 9/9 | 63pm | 60pm | Jeyes | 63pm | |
| 100 | Nil | 8/9 | 18pm | 11pm | Kode International | 11pm | -2 |
| 650 | Nil | 14/9 | 80pm | 68pm | ML Laboratories | 68pm | |
| 15 | Nil | 1/9 | 1½pm | ¼pm | Marling Industries | ½pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. v Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ‡ Units comprising 1 Ord and 1 Zero Div. Pref. share

## TRADITIONAL OPTIONS

- First Dealings July 20
- Last Dealings Aug. 1
- Last Declarations Oct. 15
- For settlement Oct. 26

*3-month call rate indications are shown on page 9.*

Calls in Fisons, Haemocell, Kunick, Pentland and Psion. Puts in BET, Blackland Oil and Mayflower.

## NEWS DIGEST

# Abbey Panels £1m in the red

LOSSES at Abbey Panels Investments, an engineer to the motor, aerospace and defence industries, widened from £110,000 to £1.18m pre-tax for the half year ended March 31.

Sales tumbled from £10.38m to £5.51m and losses per share worked through at 49.8p (13.2p).

The directors pointed to their last statement, which indicated that the downward trend in the company's trading results would continue.

They said: "This has certainly been the case. The results speak for themselves. The recessionary effect of work cut-back and slashed margins have had a devastating effect."

They added that the introduction of a new product line had added to the problem.

Meanwhile, they would "continue watching all outgoings and costs" and act to minimise them where necessary. They did not see any signs of improvement, "certainly during the rest of 1992."

Pre-tax losses for the 1990-91 year amounted to £234,000.

## Unit in profit despite engineering loss

Unit Group, the USM-quoted maker of timber pallets and precision engineering components, announced pre-tax profits of £138,971 for the year to March 31 compared with losses of £236,649 previously.

However, although the pallet division achieved profits of £474,610 pre-tax, engineering activities incurred losses of £335,639 and that division has been closed. Mr John Adams, the chairman, said the diversification into engineering at the end of the eighties had "proved to be a costly failure".

Paramount was sold to its management in January 1992 and Green Pennant was closed in June 1992.

Mr Adams said all costs of withdrawing from engineering had been taken as an extraordinary £1.55m charge and there would be no costs in the current year. However, as those costs were greater than anticipated there is again no dividend.

Turnover fell to £21.2m (£28.6m) with pallets contributing £20.4m. Earnings per share emerged at 0.8p (2.9p losses).

## Brammer in £7m French purchase

Brammer, the industrial services company, has conditionally agreed to acquire Roulement Service, a Strasbourg-based bearing distribution business, for FFr70m (£7.3m).

Of the consideration, FFr60m is payable in cash on completion with the balance in three equal instalments after three years.

## Forminster declines to £2.11m

Forminster, the clothing manufacturer, reported pre-tax profits down from £2.24m to £2.11m in the year to April 30. Turnover was £22m, against £22.2m.

The company said that sales had been satisfactory in view of the second half having started poorly.

Earnings per share were 46.7p (48.16p).

A proposed final dividend of 8.75p makes a raised total of 12.53p (11.75p).

## Mowat sells Norfolk Broads fleet for £4m

Mowat, the USM-quoted property and leisure group which is pulling out of property development in the wake of £1.97m losses in the 15 months to end-September, has announced the sale of the Potter Heigham *boatyard and fleet to Broad Tours*, a private company, for £3.87m.

A cash payment of £1m is due on the completion date of October 31, with a further £870,000 to be paid in instalments between March 31 1993 and September 30 1994. In addition there are two properties valued at about £2m.

The proceeds will be used to reduce group borrowings.

# Ratners delays results

By Andrew Bolger

RATNERS GROUP, the troubled jewellery chain, has delayed publication of its annual report and accounts for the year to February 2 while it concludes refinancing talks with its bankers.

The outcome of the talks does not appear to be in doubt, since Ratners yesterday said it would pay its convertible bondholders the £58m they are owed on October 30.

The group said it was at an advanced stage in finalising negotiations with its lenders to continue their existing facilities and that it expected those negotiations to be concluded shortly.

The accounts would be published as soon as practicable.

Ratners has already said it plans to make extraordinary provisions of nearly £100m in these results to cover rationalisation.

The *shares*, which have collapsed from a peak last year of 189p, yesterday closed unchanged at 9p.

# Trilion losses double to £1.5m

Trilion, the USM-quoted television production company, reported pre-tax losses almost doubled at £1.48m in the six months to March 31, compared with £788,000.

The company blamed the tough market faced by its facilities at the Trocadero in London for the deterioration.

Turnover declined to £7.17m *(£8.15m). Interest costs rose* from £55,000 to £314,000. Losses per share rose from 1.3p to 2.5p.

# Kalon gets go ahead to bid for Manders

By Peter Pearse

THE HOSTILE all-share bid by Kalon, the Yorkshire-based paint maker, for Manders (Holdings), the paints, inks and property group, is not to be referred to the Monopolies and Mergers Commission.

This means that day 39 of the progress of the £89m 8-for-3 bid falls tomorrow. Manders has until then to release new information. *The expected document* will definitely include its interim results and possibly a full-year forecast.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on [illegible]: Pool purchase price £/MWh | Final Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 19.86 | 23.88 | 26.04 |
| 0100 | 19.62 | 28.00 | 30.28 |
| 0130 | 19.62 | 28.00 | 30.25 |
| 0200 | 19.62 | 28.00 | 30.24 |
| 0230 | 19.62 | 28.00 | 30.29 |
| 0300 | 19.62 | 19.86 | 21.97 |
| 0330 | 19.62 | 19.39 | 21.39 |
| 0400 | 19.62 | 19.39 | 21.39 |
| 0430 | 19.62 | 19.39 | 21.39 |
| 0500 | 19.62 | 19.39 | 21.39 |
| 0530 | 17.64 | 19.82 | 21.64 |
| 0600 | 17.64 | 20.17 | 22.22 |
| 0630 | 19.53 | 20.17 | 22.29 |
| 0700 | 19.53 | 20.17 | 22.31 |
| 0730 | 19.78 | 20.08 | 22.16 |
| 0800 | 20.40 | 22.53 | 24.79 |
| 0830 | 21.86 | 25.57 | 27.83 |
| 0900 | 23.60 | 26.69 | 29.17 |
| 0930 | 27.98 | 28.00 | 30.30 |
| 1000 | 27.99 | 28.00 | 30.26 |
| 1030 | 27.98 | 28.00 | 30.16 |
| 1100 | 27.98 | 28.00 | 30.16 |
| 1130 | 28.07 | 28.00 | 30.17 |
| 1200 | 28.07 | 27.59 | 29.74 |
| 1230 | 24.93 | 27.08 | 29.23 |
| 1300 | 24.93 | 26.42 | 28.56 |
| 1330 | 23.80 | 26.42 | 28.58 |
| 1400 | 21.86 | 25.67 | 27.73 |
| 1430 | 20.40 | 25.51 | 27.67 |
| 1500 | 20.40 | 24.96 | 27.13 |
| 1530 | 20.40 | 24.21 | 26.34 |
| 1600 | 20.85 | 23.56 | 25.67 |
| 1630 | 20.85 | 24.21 | 26.33 |
| 1700 | 20.85 | 27.90 | 30.14 |
| 1730 | 27.72 | 28.00 | 30.23 |
| 1800 | 27.72 | 28.00 | 30.21 |
| 1830 | 27.72 | 28.00 | 30.21 |
| 1900 | 20.85 | 27.90 | 30.15 |
| 1930 | 20.85 | 26.31 | 28.47 |
| 2000 | 20.85 | 26.31 | 28.47 |
| 2030 | 20.85 | 26.31 | 28.49 |
| 2100 | 17.70 | 23.56 | 25.66 |
| 2130 | 20.85 | 25.46 | 27.63 |
| 2200 | 27.25 | 28.00 | 30.24 |
| 2230 | 27.25 | 28.00 | 30.22 |
| 2300 | 24.25 | 28.00 | 30.24 |
| 2330 | 20.85 | 28.00 | 30.29 |
| 2400 | 20.85 | 22.97 | 25.08 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.80/MWh becomes 1.980p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone [illegible] between 9.00am and 5.00pm Monday to Friday.



# Barker buy-outs defended

By Andrew Jack and Gary Mead

THE RECEIVERS to Charles Barker, the world's oldest public relations firm, yesterday defended criticism from creditors at the speed at which two management buy-outs were announced, only hours after the collapse on Thursday of Corporate Communications, *Charles Barker's parent company*.

Mr Ian Bond, a partner with the accountancy firm Cork Gully, which was appointed as receiver, said yesterday that great speed was essential in the sale of a "people business" to ensure that clients and employees did not quit.

Charles Barker said that the board of Corporate Communications passed a resolution on Thursday July 23 to call in the receivers, when it became apparent that the group was about to breach its banking covenants.

The two buy-outs – to be named Georgeson International, the financial and investor relations side, and Charles Barker, the corporate, marketing and public affairs operation – took place on the same day *that the group passed into the* hands of receivers with debts of £10m.

The receivership happened just one day before many creditors were due to be paid. Month-end invoices from Newspaper advertising departments were due to be sent out yesterday. The Financial Times is likely to lose at least £250,000; The Daily Telegraph is believed to be a creditor to the tune of about £70,000.

Two of Charles Barker's larger clients – Eurotunnel and IBM – said yesterday that, as yet, they planned to continue using its services.

Corporate Communications' problems followed an acquisition and expansion spree since 1989, the year it was formed.

In April 1989 it paid $13m for Georgeson, a New York-based *investor relations firm, a deal* widely reckoned to have been sensible. In October 1989 it bought Charles Barker for £9m, which a former director of Corporate Communications yesterday suggested was some £2.5m more than its then market value. In the last two years Corporate Communications has spent an estimated £13m on internal reorganisations, premises and new technology.

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## ECONOMIC DIARY

**TODAY:** Mr Jean-Marie Le Pen, a leader of the extreme right wing in France, kicks off anti-Maastricht campaign in Menton. Cowes week opens.

**TOMORROW:** Croatian parliamentary/presidential elections.

**MONDAY:** US NAPM (July); construction expenditures (June). General strike by congress of South African trade unions to press government to speed up democracy reforms. Mr Boris Yeltsin, Russian president, visits Bulgaria. Interim results from Abbey National.

**TUESDAY:** The Department of the Environment gives figures for housing starts and completions (June). HM Treasury annouces UK official reserves (July). Four defence ministers (Britain, Spain, Germany and Italy) meet in Madrid to discuss European Fighter Aircraft. Strike threatened by BA unions. TI Group and National Westminster Bank publish interim figures.

**WEDNESDAY:** Central Statistical Office issues statistics for overseas travel and tourism (May) and cyclical indicators for the UK economy (July-first estimate). Department of Trade and Industry publishes advance energy statistics (June). The US Senate finance committee holds third and final hearing in Washington on the state of US trade policy and the merits of pending trade legislation. Racal Electronics annual meeting.

**THURSDAY:** The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators. International conference on high energy physics with 1,400 prominent physicists from 69 countries meeting in Dallas (until August 12). Interim results from BOC Group, Barclays Bank, British Petroleum, Royal Dutch Petroleum and Shell Transport & Trading.

**FRIDAY:** Central Statistical Office issues balance of payments advance annual estimates (1991). Insolvency statistics (second quarter) from the Association of British Chambers of Commerce.

## FT-ACTUARIES SHARE INDICES



| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Friday July 31 1992: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Thu Jul 30 Index No. | Wed Jul 29 Index No. | Tue Jul 28 Index No. | Year ago (approx) Index No. | 1992 High | 1992 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (176) | 734.86 | -0.2 | 8.05 | 6.11 | 15.86 | 20.52 | 736.24 | 738.27 | 726.27 | 839.88 | 929.04 20/5 | 726.27 28/7 | 1038.07 16/7 /87 | 50.71 13/12/74 |
| 2 | Building Materials (22) | 781.98 | ..... | 6.88 | 7.17 | 19.78 | 25.58 | 782.06 | 788.31 | 769.13 | 1070.80 | 1121.52 11/5 | 768.95 27/7 | 1381.08 16/7 /87 | 44.27 11/12/74 |
| 3 | Contracting, Construction (28) | 633.78 | -0.8 | 5.81 | 9.43 | 36.35 | 25.20 | 638.93 | 640.31 | 636.07 | 1158.05 | 1069.64 11/5 | 633.78 31/7 | 1951.50 16/7 /87 | 71.48 2 /12/74 |
| 4 | Electricals (9) | 2182.31 | -0.7 | 7.92 | 6.94 | 16.35 | 68.82 | 2198.52 | 2183.62 | 2212.88 | 2460.03 | 2758.50 22/5 | 2182.31 31/7 | 3040.80 8 /9 /89 | 84.71 25/6 /62 |
| 5 | Electronics (28) | 1876.75 | -0.8 | 8.60 | 4.61 | 14.50 | 45.48 | 1891.99 | 1892.96 | 1876.33 | 1730.71 | 2080.64 13/5 | 1655.93 13/1 | 2308.22 19/5 /89 | 1229.01 8 /10/85 |
| 6 | Engineering-Aerospace (6) | 295.80 | -0.1 | 12.31 | 8.81 | 10.27 | 11.27 | 296.16 | 299.84 | 294.30 | 426.67 | 406.10 20/5 | 294.30 28/7 | 502.42 13/6 /90 | 294.30 28/7 /92 |
| 7 | Engineering-General (43) | 451.91 | -0.1 | 9.11 | 5.33 | 13.59 | 11.44 | 452.34 | 452.95 | 450.33 | 459.10 | 567.62 20/5 | 450.15 27/7 | 567.62 20/5 /92 | 339.57 23/1 /91 |
| 8 | Metals and Metal Forming (7) | 286.44 | -1.1 | 5.84 | 7.69 | 25.09 | 7.18 | 289.68 | 294.00 | 288.85 | 435.21 | 379.31 18/5 | 280.74 24/7 | 596.67 9 /10/87 | 49.65 6 /1 /75 |
| 9 | Motors (14) | 311.56 | ..... | 8.75 | 7.57 | 14.97 | 10.14 | 311.61 | 311.11 | 307.50 | 323.30 | 403.06 21/5 | 277.78 10/1 | 411.42 13/10/87 | 19.91 6 /1 /75 |
| 10 | Other Industrial Materials (19) | 1599.15 | +0.2 | 7.75 | 5.19 | 15.54 | 38.28 | 1595.63 | 1596.69 | 1556.87 | 1625.46 | 1906.65 11/5 | 1495.50 2 /1 | 1906.65 11/5 /92 | 277.55 15/1 /81 |
| 21 | CONSUMER GROUP (189) | 1533.20 | -0.3 | 7.99 | 3.75 | 15.36 | 26.58 | 1537.71 | 1550.32 | 1526.13 | 1524.00 | 1761.38 11/5 | 1509.07 27/7 | 1761.38 11/5 /92 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (24) | 1952.58 | -0.3 | 8.53 | 3.75 | 14.14 | 37.26 | 1958.36 | 1987.42 | 1955.44 | 1846.44 | 2278.85 11/5 | 1921.55 27/7 | 2278.85 11/5 /92 | 69.47 13/12/74 |
| 25 | Food Manufacturing (19) | 1176.91 | +0.2 | 9.17 | 4.49 | 13.49 | 26.01 | 1174.26 | 1179.83 | 1167.65 | 1213.06 | 1327.80 11/5 | 1158.36 27/7 | 1327.80 11/5 /92 | 59.67 11/12/74 |
| 26 | Food Retailing (18) | 2735.78 | -0.2 | 8.92 | 3.34 | 14.62 | 44.70 | 2740.90 | 2762.60 | 2720.63 | 2772.37 | 2998.16 18/5 | 2293.80 10/1 | 2998.16 18/5 /92 | 54.25 11/12/74 |
| 27 | Health and Household (24) | 3804.77 | -0.3 | 7.29 | 2.81 | 15.63 | 37.92 | 3816.88 | 3829.47 | 3758.02 | 3617.37 | 4654.94 14/1 | 3680.94 2 /7 | 4654.94 14/1 /92 | 175.38 28/5 /80 |
| 29 | Hotels and Leisure (18) | 1117.70 | ..... | 7.18 | 6.12 | 18.09 | 33.45 | 1117.36 | 1108.91 | 1090.08 | 1294.43 | 1450.36 13/5 | 1069.49 27/7 | 1845.77 8 /9 /89 | 54.83 9 /1 /75 |
| 30 | Media (27) | 1426.67 | -0.2 | 7.24 | 3.72 | 17.14 | 27.19 | 1429.63 | 1444.76 | 1433.39 | 1441.74 | 1721.09 11/5 | 1402.70 8 /1 | 1721.09 11/5 /92 | 1166.91 16/1 /91 |
| 31 | Packaging, Paper & Printing (17) | 715.84 | -0.3 | 7.20 | 4.62 | 16.83 | 14.76 | 718.34 | 723.06 | 720.47 | 747.29 | 875.53 13/5 | 712.10 27/7 | 875.53 13/5 /92 | 43.46 6 /1 /75 |
| 34 | Stores (33) | 968.68 | -0.8 | 7.78 | 3.85 | 16.99 | 16.96 | 976.81 | 994.09 | 973.64 | 975.14 | 1135.66 27/4 | 941.79 3 /4 | 1160.58 29/7 /87 | 52.63 6 /1 /75 |
| 35 | Textiles (9) | 611.09 | -1.3 | 7.94 | 5.07 | 15.69 | 14.72 | 619.01 | 619.29 | 610.14 | 600.52 | 756.70 8 /5 | 587.29 8 /1 | 914.52 2 /10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (118) | 1196.53 | -0.8 | 10.40 | 5.53 | 11.98 | 31.17 | 1206.33 | 1201.58 | 1181.79 | 1266.91 | 1359.32 11/5 | 1140.56 3 /4 | 1359.32 11/5 /92 | 58.63 6 /1 /75 |
| 41 | Business Services (17) | 1247.33 | -0.5 | 6.74 | 4.13 | 18.12 | 21.03 | 1253.55 | 1261.66 | 1224.83 | 1354.12 | 1511.16 11/5 | 1194.73 27/7 | 1511.16 11/5 /92 | 892.28 1 /2 /91 |
| 42 | Chemicals (22) | 1338.17 | -0.8 | 7.30 | 5.43 | 17.01 | 33.10 | 1349.24 | 1307.84 | 1296.50 | 1445.90 | 1629.99 8 /5 | 1293.14 27/7 | 1629.99 8 /5 /92 | 71.20 1 /12/74 |
| 43 | Conglomerates (11) | 1201.20 | -0.5 | 10.38 | 7.84 | 12.08 | 24.83 | 1207.78 | 1196.93 | 1178.78 | 1467.92 | 1509.94 11/5 | 1163.13 27/7 | 1819.46 11/8 /89 | 975.19 10/11/87 |
| 44 | Transport (14) | 2200.31 | -0.7 | 8.97 | 5.36 | 13.76 | 55.92 | 2214.71 | 2232.72 | 2195.83 | 2268.69 | 2790.11 20/5 | 2177.49 27/7 | 2790.11 20/5 /92 | 90.80 29/6 /62 |
| 45 | Electricity (16) | 1289.39 | -0.7 | 15.38 | 5.69 | 8.23 | 38.33 | 1298.30 | 1290.91 | 1287.44 | 1216.58 | 1371.71 7 /7 | 1044.63 7 /4 | 1371.71 7 /7 /92 | 994.96 7 /1 /91 |
| 46 | Telephone Networks (4) | 1376.59 | -1.1 | 10.98 | 4.80 | 11.87 | 46.12 | 1392.34 | 1390.03 | 1351.29 | 1522.17 | 1505.86 22/5 | 1274.20 3 /4 | 1668.67 2 /10/91 | 517.92 30/11/84 |
| 47 | Water (11) | 2656.50 | -1.5 | 16.86 | 6.51 | 6.56 | 86.85 | 2696.67 | 2725.95 | 2729.07 | 2342.63 | 2934.20 11/5 | 2140.95 8 /4 | 2934.20 11/5 /92 | 1820.20 1 /5 /90 |
| 48 | Miscellaneous (23) | 1958.33 | -0.4 | 6.78 | 5.17 | 18.52 | 29.19 | 1966.96 | 1974.00 | 1931.83 | 2016.74 | 2167.85 11/5 | 1770.94 3 /1 | 2167.85 11/5 /92 | 60.39 6 /7 /75 |
| 49 | INDUSTRIAL GROUP (483) | 1225.89 | -0.4 | 8.77 | 4.73 | 14.15 | 26.94 | 1231.34 | 1235.45 | 1215.68 | 1275.53 | 1427.97 11/5 | 1206.74 27/7 | 1427.97 11/5 /92 | 59.01 13/12/74 |
| 51 | Oil & Gas (17) | 1870.68 | -0.5 | 8.24 | 7.60 | 15.89 | 63.73 | 1880.27 | 1895.18 | 1848.00 | 2476.07 | 2226.66 2 /1 | 1825.87 27/7 | 2528.70 3 /8 /90 | 87.23 29/5 /62 |
| 59 | 500 SHARE INDEX (500) | 1287.82 | -0.4 | 8.72 | 5.02 | 14.31 | 29.89 | 1293.63 | 1298.55 | 1276.61 | 1377.48 | 1493.99 11/5 | 1266.62 27/7 | 1493.99 11/5 /92 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (85) | 684.24 | -0.7 | – | 6.59 | – | 20.17 | 688.86 | 694.25 | 681.68 | 819.48 | 802.65 20/5 | 637.33 3 /4 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (9) | 917.81 | -1.4 | 7.33 | 5.96 | 19.35 | 24.58 | 931.17 | 936.23 | 918.53 | 941.89 | 1026.34 20/5 | 790.95 3 /4 | 1026.34 20/5 /92 | 62.44 12/12/74 |
| 65 | Insurance (Life) (6) | 1432.78 | -0.7 | – | 6.21 | – | 44.26 | 1442.63 | 1457.65 | 1409.46 | 1570.43 | 1613.38 21/5 | 1243.61 6 /4 | 1632.53 4 /9 /91 | 44.88 2 /1 /75 |
| 66 | Insurance (Composite) (7) | 440.62 | +0.8 | – | 7.90 | – | 13.46 | 437.02 | 439.68 | 424.20 | 680.76 | 564.54 13/5 | 418.66 27/7 | 768.11 29/12/89 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (10) | 758.67 | ..... | 10.22 | 8.56 | 12.87 | 30.14 | 758.75 | 765.37 | 752.21 | 1158.24 | 1031.35 27/1 | 742.44 22/7 | 1399.56 17/7 /87 | 65.86 16/12/74 |
| 68 | Merchant Banks (7) | 428.37 | ..... | – | 5.04 | – | 11.25 | 428.59 | 429.60 | 428.23 | 439.92 | 521.89 22/5 | 405.18 7 /4 | 547.59 12/10/87 | 31.21 7 /1 /75 |
| 69 | Property (31) | 543.08 | +1.0 | 10.72 | 8.44 | 12.62 | 20.31 | 537.54 | 551.28 | 560.63 | 922.54 | 799.69 20/1 | 537.54 30/7 | 1398.87 5 /9 /89 | 56.01 20/4 /65 |
| 70 | Other Financial (15) | 233.39 | -0.2 | 7.77 | 7.40 | 17.41 | 6.63 | 233.88 | 233.80 | 231.32 | 251.85 | 271.79 26/5 | 221.16 7 /4 | 603.48 16/7 /87 | 33.29 17/12/74 |
| 71 | Investment Trusts (70) | 1085.34 | -0.1 | – | 4.13 | – | 20.64 | 1086.85 | 1089.23 | 1075.77 | 1226.45 | 1273.08 11/5 | 1074.88 27/7 | 1323.81 4 /1 /90 | 71.12 13/12/74 |
| 99 | ALL-SHARE INDEX (655) | 1143.14 | -0.5 | – | 5.20 | – | 27.23 | 1148.53 | 1153.43 | 1133.89 | 1241.97 | 1326.36 11/5 | 1124.19 27/7 | 1326.36 11/5 /92 | 61.92 13/12/74 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Jul 30 | Jul 29 | Jul 28 | Jul 27 | Jul 24 | Year ago | 1992 High | 1992 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2399.6 | -12.0 | 2411.8 | 2396.8 | 2411.6 | 2423.2 | 2373.4 | 2348.0 | 2377.2 | 2601.7 | 2737.8 11/5 | 2348.0 27/7 | 2737.8 11/5 /92 | 986.9 23/7 /84 |

## FIXED INTEREST

| | PRICE INDICES | Fri Jul 31 | Day's change % | Thu Jul 30 | Accrued Interest | xd adj. 1992 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (24) | 120.93 | -0.17 | 121.14 | 1.55 | 7.91 |
| 2 | 5-15 years (25) | 136.68 | -0.47 | 137.32 | 1.85 | 8.37 |
| 3 | Over 15 years (8) | 148.68 | -0.47 | 149.38 | 1.92 | 7.35 |
| 4 | Irredeemables (6) | 167.69 | -0.37 | 168.31 | 2.53 | 7.34 |
| 5 | All stocks (63) | 134.36 | -0.38 | 134.87 | 1.78 | 8.24 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 172.06 | -0.48 | 172.89 | 1.28 | 1.83 |
| 7 | Over 5 years (10) | 147.97 | -0.83 | 149.21 | 0.55 | 3.09 |
| 8 | All stocks (12) | 150.10 | -0.78 | 151.28 | 0.64 | 2.90 |
| 9 | Debs & Loans (62) | 120.48 | -0.61 | 121.22 | 2.73 | 6.53 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Jul 31 | Thu Jul 30 | Year ago (approx.) | 1992 High | 1992 Low |
|---|---|---|---|---|---|---|---|
| | **British Government** | | | | | | |
| 1 | Low | 5 years | 8.61 | 8.50 | 8.99 | 9.43 2 /4 | 7.91 1 /6 |
| 2 | Coupons | 15 years | 8.92 | 8.86 | 9.75 | 9.72 1 /4 | 8.65 9 /7 |
| 3 | (0%-7¾%) | 20 years | 8.92 | 8.86 | 9.75 | 9.72 1 /4 | 8.65 9 /7 |
| 4 | Medium | 5 years | 9.50 | 9.38 | 10.14 | 10.28 1 /4 | 9.01 3 /7 |
| 5 | Coupons | 15 years | 9.13 | 9.06 | 9.92 | 9.82 1 /4 | 8.84 1 /6 |
| 6 | (8%-10¾%) | 20 years | 9.05 | 8.99 | 9.87 | 9.76 1 /4 | 8.81 2 /6 |
| 7 | High | 5 years | 9.72 | 9.61 | 10.31 | 10.50 1 /4 | 9.22 3 /7 |
| 8 | Coupons | 15 years | 9.35 | 9.27 | 10.03 | 9.96 1 /4 | 9.00 22/5 |
| 9 | (11%-) | 20 years | 9.24 | 9.17 | 9.93 | 9.86 1 /4 | 8.95 22/5 |
| 10 | Irredeemables | † | 9.13 | 9.09 | 9.97 | 9.92 2 /4 | 8.95 14/7 |
| | **Index-Linked** | | | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 4.40 | 4.23 | 4.43 | 4.40 31/7 | 3.52 4 /3 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.58 | 4.51 | 4.39 | 4.60 6 /4 | 4.27 17/2 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 3.66 | 3.49 | 3.50 | 3.66 31/7 | 2.86 4 /3 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.40 | 4.33 | 4.21 | 4.42 6 /4 | 4.07 17/2 |
| 15 | Debs & | 5 years | 10.68 | 10.61 | 11.85 | 11.51 6 /4 | 10.30 8 /6 |
| 16 | Loans | 15 years | 10.43 | 10.35 | 11.63 | 11.22 6 /4 | 10.07 1 /6 |
| 17 | | 25 years | 10.29 | 10.21 | 11.42 | 11.02 6 /4 | 9.98 1 /6 |

♦Opening index 2411.6; 9 am 2405.7; 10 am 2399.5; 11 am 2397.5; Noon 2399.3; 1 pm 2400.0; 2 pm 2403.7; 2.30 pm 2404.5; 3 pm 2403.6; 4.10 pm 2398.1; (a) 8.34am (b) 10.20am

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Business Services | 31/12/90 | 999.65 | Telephone Networks | 30/11/84 | 517.92 | Food Manufacturing | 29/12/67 | 114.13 |
| Electricity | 31/12/90 | 999.65 | Electronics | 30/12/83 | 1646.65 | Food Retailing | 29/12/67 | 114.13 |
| Media | 31/12/90 | 1228.68 | Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering - Aerospace | 29/12/89 | 486.00 | Health/Household Products | 30/12/77 | 261.77 | All Other | 10/4/62 | 100.00 |
| Engineering - General | 29/12/89 | 486.00 | Other Groups | 31/12/74 | 63.75 | British Government | 31/12/75 | 100.00 |
| Water | 29/12/89 | 1968.45 | Industrial Group | 31/12/70 | 128.20 | Do. Index-linked | 30/4/82 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Other Financial | 31/12/70 | 128.06 | Debs & Loans | 31/12/77 | 100.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323.

## LIFFE EQUITY OPTIONS

| Option | | Calls Oct | Calls Jan | Calls Apr | Puts Oct | Puts Jan | Puts Apr |
|---|---|---|---|---|---|---|---|
| Alld Lyons (*615) | 600 | 45 | 59 | 72 | 17 | 25 | 29 |
| | 650 | 20 | 34 | 45 | 44 | 49 | 54 |
| | 700 | 8 | 18 | 28 | 88 | 88 | 89 |
| ASDA (*26) | 20 | 8 | 9 | 9½ | 2 | 3 | 4½ |
| | 25 | 5 | 6 | 7 | 3½ | 5 | 6½ |
| | 30 | 2 | 4½ | 5 | 7½ | 8 | 10 |
| Brit. Airways (*254) | 240 | 27 | 34 | 40 | 8½ | 14 | 16 |
| | 260 | 16 | 22 | 29 | 18 | 23 | 25 |
| | 280 | 8 | 15 | 21 | 31 | 35 | 37 |
| SmKl Beecham A (*471) | 450 | 38 | 49 | – | 12 | 17 | – |
| | 475 | 22 | 35 | – | 22 | 28 | – |
| | 500 | 12 | 24 | 33 | 40 | 44 | 47 |
| Boots (*431) | 420 | 32 | 41 | 51 | 13 | 19 | 23 |
| | 460 | 13 | 22 | 30 | 35 | 40 | 42 |
| B.P. (*212) | 200 | 21 | 27 | 30 | 9 | 13 | 15 |
| | 220 | 11 | 17 | 21 | 21 | 23 | 26 |
| British Steel (*57) | 50 | 11 | 12½ | 13½ | 3 | 5 | 5½ |
| | 60 | 5 | 7 | 8½ | 7½ | 11 | 11½ |
| Bass (*533) | 525 | 37 | – | – | 15 | – | – |
| | 550 | 25 | 32 | 40 | 29 | 39 | 42 |
| C & Wire (*542) | 500 | 61 | 73 | 82 | 8 | 14 | 18 |
| | 550 | 27 | 43 | 53 | 28 | 35 | 39 |
| Courtaulds (*462) | 460 | 31 | 43 | 55 | 16 | 26 | 26 |
| | 500 | 13 | 23 | 34 | 44 | 49 | 50 |
| Com. Union (*428) | 420 | 22 | 34 | 38 | 16 | 21 | 28 |
| | 460 | 6½ | 16 | 21 | 45 | 47 | 52 |
| Fisons (*178) | 160 | 34 | 40 | 46 | 11 | 19 | 22 |
| | 180 | 22 | 30 | 35 | 20 | 28 | 32 |
| GKN (*389) | 360 | 35 | 45 | 53 | 8 | 12 | 18 |
| | 390 | 18 | 28 | 36 | 22 | 27 | 32 |
| Grand Met. (*406) | 390 | 36 | 47 | 51 | 9 | 15 | 18 |
| | 400 | 29 | – | – | 13 | – | – |
| I.C.I. (*1163) | 1150 | 51 | 85 | 100 | 49 | 58 | 79 |
| | 1200 | 28 | 61 | 74 | 80 | 88 | 108 |
| Kingfisher (*443) | 420 | 38 | 50 | 61 | 13 | 17 | 21 |
| | 460 | 18 | 30 | 38 | 35 | 37 | 41 |
| Ladbroke (*177) | 160 | 26 | 31 | 35 | 10 | 14 | 18 |
| | 180 | 15 | 20 | 24 | 19 | 25 | 29 |
| Land Secur (*375) | 360 | 28 | 33 | 40 | 7 | 10 | 13 |
| | 390 | 11 | 16 | 23 | 20 | 26 | 27 |
| M & S (*308) | 300 | 23 | 31 | 37 | 9 | 14 | 15 |
| | 330 | 8 | 16 | 22 | 24 | 29 | 30 |
| Sainsbury (*455) | 420 | 50 | 60 | 69 | 6½ | 9½ | 13 |
| | 460 | 22 | 34 | 43 | 19 | 25 | 28 |
| Shell Trans. (*471) | 460 | 25 | 33 | 38 | 15 | 18 | 24 |
| | 500 | 6½ | 15 | 19 | 42 | 44 | 48 |
| Storehouse (*128) | 120 | 15 | 18 | 21 | 5½ | 8½ | 10 |
| | 130 | 9 | 13 | 16 | 10 | 13 | 14 |
| Trafalgar (*51) | 50 | 13 | 17 | 19 | 9 | 13 | 15 |
| | 60 | 9 | 13 | 16 | 17 | 21 | 21 |
| Utd. Biscuits (*326) | 300 | 33 | 41 | 43 | 7 | 11 | 15 |
| | 330 | 13 | 23 | 26 | 22 | 20 | 29 |
| Unilever (*942) | 900 | 80 | 90 | 107 | 12 | 18 | 27 |
| | 950 | 37 | 59 | 76 | 30 | 42 | 47 |
| **Option** | | **Aug** | **Nov** | **Feb** | **Aug** | **Nov** | **Feb** |
| Brit Aero (*207) | 180 | 33 | 46 | 53 | 6 | 18 | 24 |
| | 200 | 18 | 36 | 43 | 12 | 28 | 34 |
| | 220 | 10 | 25 | 35 | 22 | 41 | 46 |

| Option | | Calls Aug | Calls Nov | Calls Feb | Puts Aug | Puts Nov | Puts Feb |
|---|---|---|---|---|---|---|---|
| BAA (*617) | 600 | 28 | 54 | 66 | 6 | 20 | 25 |
| | 650 | 5 | 29 | 40 | 35 | 43 | 49 |
| | 700 | 2 | 13 | 23 | 83 | 83 | 85 |
| BAT Inds (*742) | 700 | 47 | 64 | 90 | 6 | 18 | 24 |
| | 750 | 10 | 40 | 57 | 30 | 44 | 45 |
| | 800 | 5 | 19 | 38 | 75 | 80 | 80 |
| BTR (*415) | 390 | 31 | 39 | 48 | 2 | 11 | 16 |
| | 420 | 9 | 22 | 32 | 11 | 25 | 29 |
| | 460 | 1½ | 9 | 17 | 47 | 54 | 58 |
| Brit. Telecom (*338) | 330 | 15 | 28 | 35 | 3½ | 9 | 17 |
| | 360 | 2 | 14 | 20 | 24 | 26 | 33 |
| Cadbury Sch (*476) | 460 | 27 | 42 | 57 | 6 | 15 | 23 |
| | 500 | 7 | 24 | 36 | 28 | 38 | 43 |
| Eastern Elec (*267) | 260 | 14 | 26 | 31 | 3½ | 10 | 14 |
| | 280 | 3½ | 15 | 21 | 15 | 20 | 24 |
| Guinness (*532) | 500 | 36 | 52 | 69 | 4 | 13 | 18 |
| | 550 | 7 | 26 | 40 | 26 | 38 | 40 |
| GEC (*221) | 220 | 7 | 17 | 22 | 4½ | 8½ | 11 |
| | 240 | 1½ | 8 | 13 | 20 | 19 | 22 |
| Hanson (*204) | 200 | 7 | 13½ | 17½ | 3 | 9 | 12 |
| | 220 | 1 | 5½ | 9 | 17 | 21 | 24 |
| LASMO (*132) | 130 | 12 | 21 | 28 | 10 | 17 | 23 |
| | 140 | 6½ | 16 | 22 | 15 | 24 | 27 |
| Lucas Inds (*104) | 100 | 10 | 14 | 17 | 3 | 8 | 12 |
| | 110 | 5 | 9½ | 13 | 9 | 13 | 16 |
| P. & O. (*337) | 330 | 20 | 29 | 38 | 12 | 29 | 33 |
| | 360 | 7 | 17 | 26 | 28 | 39 | 51 |
| Pilkington (*95) | 90 | 11 | 18 | 22 | 5 | 10 | 13 |
| | 100 | 5½ | 14 | 17 | 9 | 15 | 20 |
| Prudential (*239) | 220 | 22 | 15 | 33 | 1½ | 6 | 7½ |
| | 240 | 6½ | 15 | 21 | 6½ | 14 | 16 |
| R.T.Z. (*570) | 550 | 31 | 49 | 64 | 6 | 22 | 27 |
| | 600 | 4 | 24 | 38 | 33 | 47 | 54 |
| Scot. & New (*433) | 420 | 20 | 38 | 46 | 4½ | 11 | 18 |
| | 460 | 3 | 17 | 25 | 29 | 34 | 38 |
| Tesco (*245) | 240 | 13 | 21 | 28 | 4 | 11 | 12 |
| | 260 | 4 | 12 | 17 | 18 | 21 | 23 |
| Thames Water (*402) | 390 | 17 | 34 | 37 | 4 | 13 | 16 |
| | 420 | 3 | 16 | 22 | 20 | 28 | 32 |
| Vodafone (*310) | 300 | 18 | 33 | 38 | 4½ | 13 | 17 |
| | 330 | 4 | 17 | 22 | 22 | 27 | 32 |
| **Option** | | **Sep** | **Dec** | **Mar** | **Sep** | **Dec** | **Mar** |
| Abbey Nat. (*258) | 240 | 21 | 30 | 34 | 4 | 7½ | 12 |
| | 260 | 8 | 18 | 22 | 13 | 16 | 20 |
| | 280 | 3½ | 10 | 14 | 29 | 31 | 32 |
| Amstrad (*26) | 20 | 7 | 7½ | 8½ | 1¼ | 2½ | 3 |
| | 25 | 3½ | 4½ | 6 | 3 | 4½ | 5 |
| | 30 | 1½ | 3½ | 4½ | 6½ | 8 | 8½ |
| Barclays (*314) | 300 | 17 | 30 | 39 | 12 | 18 | 26 |
| | 330 | 5 | 15 | 24 | 32 | 36 | 43 |
| | 360 | 2½ | 8½ | 15 | 59 | 60 | 64 |
| Blue Circle (*186) | 180 | 13 | 20 | 26 | 10 | 14 | 15 |
| | 194 | 6 | 14 | – | 18 | 21 | – |
| | 213 | 3½ | 8 | – | 33 | 34 | – |
| British Gas (*240) | 240 | 10 | 15 | 19 | 7 | 15 | 17 |
| | 260 | 3½ | 7 | 11 | 22 | 28 | 30 |
| Dixons (*208) | 200 | 17 | 27 | 32 | 6½ | 12 | 15 |
| | 220 | 7 | 17 | 23 | 18 | 21 | 25 |
| Eurotunnel (*315) | 300 | 39 | 56 | 67 | 12 | 20 | 25 |
| | 330 | 21 | 42 | 51 | 26 | 37 | 40 |

| Option | | Calls Sep | Calls Dec | Calls Mar | Puts Sep | Puts Dec | Puts Mar |
|---|---|---|---|---|---|---|---|
| Glaxo (*720) | 700 | 48 | 72 | 87 | 22 | 43 | 54 |
| | 750 | 24 | 48 | 65 | 49 | 70 | 80 |
| Hillsdown (*128) | 120 | 14 | 18 | 23 | 5 | 10 | 14 |
| | 130 | 8 | 14 | 17 | 9½ | 15 | 17 |
| Lonrho (*80) | 80 | 5½ | 10½ | 13½ | 6½ | 9½ | 11½ |
| | 90 | 3 | 7 | 9½ | 13 | 15½ | 17 |
| HSBC (75p shs) (*339) | 330 | 23 | 38 | 47 | 12 | 30 | 36 |
| | 360 | 10 | 24 | 31 | 28 | 35 | 42 |
| National Power (*238) | 235 | 10 | – | – | 9 | – | – |
| | 260 | 1½ | 8 | 11 | 29 | 30 | 31 |
| Reuters (*1035) | 1000 | 64 | 106 | 132 | 25 | 45 | 57 |
| | 1050 | 38 | 78 | 102 | 50 | 69 | 80 |
| R. Royce (*132) | 130 | 7 | 12 | 15 | 6½ | 9½ | 13 |
| | 140 | 3½ | 8 | 10½ | 15 | 17 | 20 |
| Scottish Power (*183) | 180 | 8 | 9½ | 12 | 8 | 10 | 12 |
| | 190 | 3½ | 5½ | – | 16 | 17 | – |
| Sears (*75) | 70 | 9 | 11 | 13 | 3 | 5 | 5½ |
| | 80 | 3½ | 6 | 10 | 7½ | 9½ | 11 |
| Forte (*157) | 140 | 23 | 27 | 31 | 4 | 7 | 9 |
| | 160 | 10 | 15 | 21 | 10 | 16 | 18 |
| Thorn EMI (*753) | 719 | 50 | – | – | 9 | – | – |
| | 769 | 20 | – | – | 29 | – | – |
| TSB (*141) | 140 | 8 | 15 | 17 | 8 | 11 | 14 |
| | 160 | 2½ | 7½ | 10 | 23 | 24 | 26 |
| Vaal Reefs (*$46) | 45 | 3½ | 5½ | 7 | 4 | 5½ | 7 |
| | 50 | 2 | 3½ | 5 | 7 | 8 | 10 |
| Wellcome (*802) | 800 | 29 | 67 | 94 | 22 | 42 | 52 |
| | 850 | 10 | 42 | 66 | 53 | 68 | 80 |

**EURO FT-SE INDEX (*2398)**

| | 2225 | 2275 | 2325 | 2375 | 2425 | 2475 | 2525 | 2575 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Aug | 185 | 138 | 96 | 59 | 28 | 12 | 5 | 2 |
| Sep | 204 | 162 | 125 | 92 | 62 | 39 | 23 | 13 |
| Oct | 222 | – | 145 | – | 80 | – | 38 | – |
| Dec | 257 | – | 182 | – | 115 | – | 68 | – |
| Mar | 290 | – | 217 | – | 155 | – | 105 | – |
| Jun | 330 | – | 265 | – | 200 | – | 145 | – |
| **PUTS** | | | | | | | | |
| Aug | 5 | 10 | 16 | 29 | 53 | 86 | 125 | 172 |
| Sep | 15 | 24 | 35 | 50 | 69 | 97 | 131 | 170 |
| Oct | 20 | – | 39 | – | 73 | – | 130 | – |
| Dec | 34 | – | 53 | – | 88 | – | 135 | – |
| Mar | 44 | – | 64 | – | 97 | – | 139 | – |
| Jun | 60 | – | 80 | – | 110 | – | 150 | – |

**FT-SE INDEX (*2398)**

| | 2200 | 2250 | 2300 | 2350 | 2400 | 2450 | 2500 | 2550 |
|---|---|---|---|---|---|---|---|---|
| **CALLS** | | | | | | | | |
| Aug | 211 | 163 | 116 | 75 | 40 | 20 | 8 | 3 |
| Sep | 223 | 182 | 140 | 102 | 71 | 46 | 27 | 16 |
| Oct | 244 | 201 | 161 | 124 | 93 | 66 | 46 | 30 |
| Nov | 260 | 219 | 181 | 145 | 115 | 85 | 64 | 48 |
| Dec | 278 | – | 200 | – | 135 | – | 85 | – |
| Jan † | – | – | 275 | – | 210 | – | 155 | – |
| **PUTS** | | | | | | | | |
| Aug | 5 | 8 | 12 | 21 | 40 | 70 | 111 | 158 |
| Sep | 12 | 19 | 25 | 38 | 59 | 86 | 121 | 161 |
| Oct | 18 | 25 | 36 | 49 | 68 | 94 | 128 | 165 |
| Nov | 23 | 31 | 44 | 57 | 77 | 103 | 133 | 169 |
| Dec | 30 | – | 51 | – | 84 | – | 138 | – |
| Jan † | – | – | 75 | – | 110 | – | 160 | – |

Total Contracts 22,838
Calls 13,911 Puts 8,927
FT-SE Index Calls 3,027 Puts 5,662
Euro FT-SE Calls 1,027 Puts 236
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

## TRADITIONAL OPTION 3-month call rates

| | p |
|---|---|
| **■ INDUSTRIALS** | |
| Allied-Lyons | 49 |
| Amstrad | 6 |
| Astec (BSR) | 3 |
| BAT Inds | 58 |
| BOC | 53 |
| BTR | 35 |
| Barclays | 29 |
| Blue Circle | 24 |
| Boots | 34 |
| Bowater | 60 |
| Brit Aerospace | 26 |
| British Steel | 7 |
| BT | 25 |
| Cadburys | 38 |
| Charter Cons. | 37 |
| Comm Union | 34 |
| Courtaulds | 43 |
| Eurotunnel | 32 |
| FKI | 6 |
| FNFC | 7 |
| Forte | 19 |
| GKN | 33 |
| Gen Accident | 38 |
| GEC | 17 |
| Glaxo | 52 |
| Grand Met | 38 |
| GRE | 13 |
| Hanson | 16 |
| ICI | 95 |
| Ladbroke | 18 |
| Legal & Gen | 29 |
| Lex Service | 22 |
| Lloyds Bank | 32 |
| Lonhro | 12 |
| Lucas Inds | 12½ |
| Marks Spencer | 27 |
| Midland Bank | 30 |
| NatWest Bank | 26 |
| P & O Dfd | 37 |
| Racal Elect | 6½ |
| RHM | 18 |
| Rank Org | 55 |
| Ratners | 3 |
| Reed Intl | 44 |
| Sears | 6½ |
| SmKl Bchm A | 60 |
| TI | 55 |
| TSB | 11½ |
| Tesco | 22 |
| Thorn EMI | 68 |
| T & N | 11½ |
| Unilever | 70 |
| Vickers | 15 |
| Wellcome | 75 |
| **■ PROPERTY** | |
| Brit Land | 18 |
| Land Sec. | 30 |
| MEPC | 26 |
| Mountleigh | 1½ |
| **■ OILS** | |
| Aviva Pet | 25 |
| BP | 18 |
| Burmah Castrol | 48 |
| Conroy Pet | 6½ |
| Gaelic Res | ½ |
| Premier Cons | 2¼ |
| Shell | 35 |
| Tuskar Res | ½ |
| **■ MINES** | |
| RTZ | 47 |





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# McDonnell Douglas earnings dive

By Martin Dickson in New York

MCDONNELL DOUGLAS, the financially stretched US aerospace group, yesterday reported a 51 per cent drop in second-quarter earnings, higher-than-expected costs on an important airliner production programme and a reversal of its recent success in lowering its debt-to-equity ratio.

The news sent its share price sharply lower and the stock was trading at $36⅞, down $3⅞, at lunchtime on the New York Stock Exchange.

Mr John McDonnell, the chairman, warned workers that in the coming months the group would be taking "further steps to improve our competitiveness".

The group reported earnings of $33m, or $1 a share, compared with $77m, or $2.01 in the same quarter of last year, on revenues which dipped slightly to $4.89bn.

All its three manufacturing segments suffered lower earnings, but the company said the main cause of the drop was higher research and development spending, principally for its proposed MD-12 jumbo jet.

McDonnell Douglas cannot afford to develop this aircraft alone and has been seeking foreign financial partners, principally Taiwan Aerospace, but so far without success.

The company also reported that costs on the MD-11, a wide-bodied aircraft which it began delivering just under two years ago, had not declined as rapidly as planned.

The company had therefore raised its cost estimate for the total programme and reduced the rate at which it was reporting earnings. McDonnell Douglas' debt-to-equity ratio in its aerospace operations, which the company cut to .68 at the end of last year, went up to .78 at the end of June, as debt rose from $2.39bn to $2.84bn.

It said this was due primarily to lower bookings for commercial aircraft, higher funding requirements for the controversial C-17 military transport it is developing for the Pentagon, and deferred vendor payments.

Its commercial aircraft business had operating earnings of $20m on revenues of $2.15bn, compared with $53m on revenues of $1.8bn a year ago. R&D spending rose $39m.

The MD-11 programme incurred a small operating loss, while McDonnell's other civil aviation programme, the MD80/90, achieved higher operating earnings thanks to improved margins. Its military aircraft side earned $66m, down from $106m.

Most of the drop was attributed to a $34m pre-tax charge for increased costs and higher reserves on the C-17 programme, which is well over its fixed price contract level.

Revenues dropped 19 per cent to $1.74bn, mainly because of completion of the C-17's development phase.

The group's firm backlog of orders stood at $26.4bn at the end of June, down from $30.4bn at the end of December and $33.1bn a year ago.

For the six months it earned $90m, or $2.34 a share, down from $135m, or $3.51 a share, on revenues of $9.04bn, down from $9.2bn.

# Charge for job cuts brings loss at Aetna

By Nikki Tait in New York

A SHARPER-than-expected deterioration in property-related investments contributed to a second-quarter loss of $20.1m after tax at Aetna Life & Casualty, one of the largest US composite insurers.

The result compares with a $159.5m profit in the same period of 1991, and leaves Aetna with a net profit of $187.1m for the first six months of 1992, against $296.9m in the previous year. Its shares fell $1⅝ to $43¼ before the close yesterday.

The loss is struck after a $145m charge to cover job cuts and restructuring moves, which Aetna announced last month. The insurer is aiming to cut staff by 4,800 – about 10 per cent of its workforce. It claims this should lead to annual after-tax savings of around $132m by 1994.

Net realised capital losses in the second quarter totalled $41m, against a loss of $12m a year earlier.

However, within this overall figure, additions to reserves for troubled mortgage loans and property write-downs were $105m ($78m). Partly offsetting this damage were gains of $76m ($71m), largely from sales of bonds and shares.

"We saw more deterioration than we expected in our mortgage loan portfolio during our normal review process," admitted Mr Ronald Compton, chairman. "Most of the deterioration was in the commercial office sector in New England, California and New York City.

"We adjusted our reserves accordingly and we cannot currently estimate the full-year impact real estate will have on our earnings."

The second-quarter figures were also struck after a $30m charge related to an Olympia & York financial guarantee – of which Aetna had also previously warned.

In terms of operating divisions, the biggest loss (after reorganisation charges and investment losses) was seen in the commercial property-casualty business – a $37.4m deficit compared with a $43.1m profit a year earlier.

The personal property-casualty division turned in $21.2m deficit (against a loss of $2.1m), while financial services made a loss of $25.2m ($35.2m loss).

The life and health business made a profit of $31m ($87.5m), and discontinued operations – the American Re-Insurance subsidiary which Aetna is selling to a Kohlberg, Kravis Roberts-backed buyout – made $30.9m ($33.8m).

# Du Pont plans to reshape its electronics division

By Alan Friedman in New York

DU PONT, the leading US chemicals group that is embarked upon a series of restructuring projects, yesterday unveiled plans to reorganise its electronics division.

Effective from today, Du Pont will transfer its polyester and high performance films businesses from the electronics division to the Du Pont imaging systems and medical products organisation.

The films business has annual revenues of about $550m, which means Du Pont's electronics division – which last year had about $1.8bn of revenues – will be left with less than $1.3bn of annual turnover.

About 100 voluntary redundancies will be sought as a result of the move; the electronics division at present employs about 8,000.

Mr Edgar Woolard, the Du Pont chairman, said that on November 1 management responsibility for the remaining electronic businesses will be transferred from the US to Japan.

Mr Chad Holliday, president of Du Pont's Asia Pacific operations, will take over with responsibility for the printed circuit materials, microcircuit materials and semiconductor materials businesses in addition to his present activities.

Du Pont will, meanwhile, proceed with the planned divestiture of the electronics division's connectors business, which is expected to take place by the year-end.

The connectors business, which employs about 3,000, has annual revenues of about $450m, meaning that the electronics division Mr Holliday will take over will have total sales of about $800m.

Mr Woolard said the electronics plan was aimed at strengthening the group's position as a materials supplier to the worldwide electronics industry.

# Crédit Suisse in talks to buy Baden bank

By Ian Rodger in Zurich

CREDIT SUISSE, Switzerland's third-largest bank, is in talks to buy Gewerbebank Baden, the leading bank in the Baden region with assets of SFr1.65bn ($1.21bn) at the end of June.

The talks are with BBC Brown Boveri, the Swiss partner in the ABB Asea Brown Boveri engineering group, which holds a 36 per cent voting stake in the bank. Winterthur Insurance, which holds 13 per cent of the votes, is also co-operating.

Mr Leo Menz, senior vice-president, finance, of BBC, said the shares would be sold at slightly above market prices, and that minority shareholders would be offered identical terms in a public offer.

Gewerbebank Baden's bearer shares last traded at SFr760 earlier this week and its registered shares at SFr255, valuing the bank at SFr123.8m.

The sale is part of BBC's policy to sell off participations in businesses other than ABB. Following the sale of the bank, ABB would account for 99 per cent of BBC's interests.

## First-half reverse at Saga Petroleum

SAGA PETROLEUM, Norway's biggest independent oil company, yesterday disclosed a weaker half-year operating profit due to lower crude oil prices, writes Karen Fossli.

Group operating profit fell by NKr85m to NKr593m ($104m) but profit before extraordinary items rose by NKr86m to NKr440m.

Nevertheless, operating revenue rose to NKr2.473bn from NKr2.074bn.

# Paramount in $400m purchase

By Alan Friedman

PARAMOUNT Communications, the New York based entertainment and publishing group, yesterday announced a significant diversification, paying $400m for a series of regional US theme parks.

The acquisitions of Kings Entertainment Company, owner of three big parks, and of Kings Island, a theme park near Cincinnati that was owned by American Financial Corporation, represent the biggest diversification move since Paramount registered a gain of more than $1bn in 1989 when it sold off The Associates, a financial services company.

Mr Martin Davis, Paramount's chairman, has been keen to spend some of the proceeds of the financial services sale on an entertainment-related venture.

Paramount, which owns Simon and Schuster, the New York publisher, as well as a major Hollywood studio, thus joins the ranks of the Walt Disney Company and MCA/Universal. Unlike these two, whose parks are linked to resort complexes, Paramount's parks draw local and regional customers on day trips.

Kings also has a 20 per cent stake in Canada's Wonderland, based near Toronto. This park is also managed by Kings.

Combined revenues of the theme parks being acquired are expected to exceed $250m this year, according to Paramount. A newly formed subsidiary – Paramount Parks – will manage the parks under the leadership of Mr Nelson Schwab, who heads the investor group selling Kings Entertainment to Paramount.

# Schneider may increase capital

By Alice Rawsthorn in Paris

SCHNEIDER, the French industrial group, yesterday secured shareholder approval for its proposed takeover of Merlin-Gerin, the electrical equipment manufacturer, and warned it might seek permission for a capital increase.

Mr Didier Pineau-Valencienne, chairman, repeated his earlier warning that Schneider's 1992 profits would be at the lower end of expectations. Originally Schneider had been expected to make FFr400m ($78.4m) to FFr650m. The final outcome would be closer to FFr400m mainly because of steep losses at Spie-Batignolles, its construction offshoot.

The initial profits warning in June triggered an inquiry by the French stock market authorities into Schneider share dealings.

Mr Pineau-Valencienne yesterday said Spie's losses, originally expected to be around FFr150m for 1992, could be up to FFr200m. He also anticipated a loss from Square D, the US building business, despite an increase in operating margins.

Mr Pineau-Valencienne said Schneider might ask shareholders to authorise a capital increase but it was "not absolutely indispensable". Schneider's net debt rose sharply after the $2.23bn acquisition of Square D last year and is now estimated at around FFr18.7bn.

# New bid move at NY Daily News

By Alan Friedman

THE BATTLE among bidders for the Daily News appears set to enter its final phase, as the newspaper yesterday won a 10-day extension of the deadline by which it must file a reorganisation plan to the New York bankruptcy court.

The extension came with news that a new group – Silver Screen Management – is joining forces with the newspaper's management and unions to launch a stand-alone bid.

Silver Screen, led by Mr Roland Betts and Mr Tom Bernstein, former entertainment lawyers, is said to be willing to put up about $25m.

Both Mr Conrad Black, the Canadian publisher who owns the Daily Telegraph in the UK, and Mr Mortimer Zuckerman, the publisher who owns US News and World Report, are, however, continuing to negotiate with the paper's unions and creditors. It is believed that one of these bidders is more likely to end up owning the New York tabloid.

It is also thought likely that the latest 10-day extension will be renewed again. But advisers say the identity of the leading contender should become clear within the next 10 days.

# Elkem, BHP in manganese pact

By Karen Fossli in Oslo

ELKEM, the Norwegian light metals producer, and Broken Hill Proprietary, Australia's biggest stock-listed company, have signed a preliminary agreement aimed at reducing their exposure to cyclical market fluctuations and stabilising earnings of their manganese businesses.

The deal will give Elkem long-term access to manganese ore at prices below current market rates while securing BHP's customer base for long-term supplies of the raw material.

Elkem is one of the world's leading manganese alloy producers and BHP one of the world's leading suppliers of manganese ore.

The agreement, subject to government approval, calls for Elkem to acquire a 49 per cent stake in a newly established subsidiary of BHP's unit, GEMCO, a manganese ore supplier.

In return, BHP will take a 49 per cent stake in two of Elkem's domestic manganese alloy plants.

The transactions will be completed without financial compensation. , Elkem said. It added that a final agreement should be signed in the autumn. The deal also calls for GEMCO to supply manganese ore to Elkem's two domestic manganese alloy plants, and a plant in the US.

GEMCO owns and operates a manganese ore mine in Groote Eylandt, Australia.

Mr Bjoern Segrov, an Elkem executive, said that last year the company purchased an estimated 500,000 tonnes of manganese ore. He added that although the deal with BHP will meet the bulk of Elkem's manganese ore demand, the company will still need to buy ore from South Africa.

The final agreement will form an alliance in the manganese market which few can match in quality, size and competitive power, Elkem maintained.

In the long-term, it will offer the potential for greater earnings for the two companies.

Since 1986, manganese ore prices have tripled to more than $175 a tonne. Elkem's manganese alloy operations last year saw a turnover of NKr2.1bn ($360m), of which NKr1.1bn was achieved by its two domestic plants.

# Westpac sees A$300m provision for bad debts

By Bruce Jacques in Sydney

WESTPAC Banking Corporation, the Australian bank, made a cautious prediction for the next 18 months in a prospectus issued yesterday for its A$1.2bn (US$890m) fund-raising operation.

It predicted it would make specific provisions for doubtful debts of less than A$300m for the six months to September.

The bank shook investors in May with provisions of A$2.65bn for the March half, mainly reflecting plummeting real estate values, causing a loss of A$1.67bn. The share issue, announced at the time, is needed to maintain capital adequacy ratios above central bank requirements.

Westpac, which is raising the money through a three-for-10 issue of shares at A$3 each, warned that Australia's severe economic recession would continue to affect financial results.

Mr Frank Conroy, Westpac managing director, said yesterday the main task now was to pursue an asset disposal programme. He indicated that around A$500m worth of mainly property assets had been sold since March 31.

He added that he believed the bank had made adequate provisions, especially compared with its peers, but economic uncertainties precluded any specific profit forecasts.

The prospectus contained a report from KPMG Peat Marwick, as independent consulting accountants, broadly confirmed the bank's balance sheet valuations and forecasts. But the accountants made clear they had not conducted an audit of Westpac, but rather examined previously audited information. The prospectus confirmed Westpac expects to pay a 12 cents final dividend.

# Setback to Pakistani gas privatisation

By Farhan Bokhari in Karachi

THE PAKISTANI government's privatisation effort has suffered a setback, with the poor response to this week's public offering of about a third of Pakistan's largest gas company, SNGPL.

Brokers believe no more than 20 per cent of the 52m shares, offered at Rs40.15 ($1.63) each, have been subscribed for.

Brokers had expected the price to rise to Rs60, but on Thursday it closed at Rs42.

Muslim Commercial Bank, the underwriter, has, however, not announced the level of subscriptions.

"The government would need to carefully re-evaluate their plans in the light of SNGPL's experience," said one leading broker.

# WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week | Year ago | High 1992 | Low 1992 |
|---|---|---|---|---|---|
| Gold per troy oz. | $357.95 | +0.50 | $356.75 | $358.40 | $335 20 |
| Silver Per troy oz | 205.50p | -1.07 | 233 70p | 242.70p | 201 11p |
| Aluminium 99.7% (cash) | $1316.5 | -21.0 | $1262.0 | $1339.0 | $1105 5 |
| Copper Grade A (cash) | £1315.5 | -25.0 | £1325.00 | £1340.5 | £1125 0 |
| Lead(cash) | £349.25 | -7.25 | £332.25 | £383.5 | £278 50 |
| Nickel (cash) | $7250 | -75.0 | $8270 0 | $8195.0 | $7065 0 |
| Zinc SHG (cash) | $1360.0 | +9.5 | $1055.50 | $1457 5 | $1106 5 |
| Tin (cash) | $6800 | -215 | $5675.0 | $7115 0 | $5425 0 |
| Cocoa Futures (Sep) | £609 | -3 | £712 | £773 | £523 |
| Coffee Futures (Sep) | $744 | -9 | $581 | $1013 | $676 |
| Sugar (LDP Raw) | $265.0 | -7.6 | $292 | $272.6 | $193 |
| Barley Futures (Nov) | £112.65 | -1 15 | £113.65 | £123.90 | £106 90 |
| Wheat Futures (Nov) | £114.50 | -0.95 | £114.85 | £131.85 | £109 85 |
| Cotton Outlook A Index | 64.30c | -0.80 | 74.80c | 65.90c | 52.25c |
| Wool (64s Super) | 380p | -1 | 370p | 480p | 377p |
| Oil (Brent Blend) | $20.375x | -0.250 | $19.475 | $21 30 | $17 00 |

Per tonne unless otherwise stated †Unquoted p-pence/kg, c-cents lb x-Sep

## London Markets

SPOT MARKETS

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $18 15-8.20 | -0.10 |
| Brent Blend (dated) | $20 35-0.40 | -.125 |
| Brent Blend (Sep) | $20 35-0.40 | -.125 |
| W.T.I (1 pm est) | $21.75-1.80 | -0.05 |

| Oil products (NWE prompt delivery per tonne C/F) | | + or - |
|---|---|---|
| Premium Gasoline | $224-227 | -2 |
| Gas Oil | $181-182 | -1 |
| Heavy Fuel Oil | $85-87 | |
| Naphtha | $192-193 | -2 |

Petroleum Argus Estimates.

| Other | | + or - |
|---|---|---|
| Gold (per troy oz)♣ | $357 95 | +1 35 |
| Silver (per troy oz)♣ §§ | 395 0c | +3.0 |
| Platinum (per troy oz) | $385.25 | +9.0 |
| Palladium (per troy oz) | $81 40 | +1.9 |
| Copper (US Producer) | 118 28c | -0.14 |
| Lead (US Producer) | 36 88c | -0.62 |
| Tin (Kuala Lumpur market) | 16 80r | -0.09 |
| Tin (New York) | 314 5c | |
| Zinc (US Prime Western) | 62 0c | |
| Cattle (live weight)† | 112.00 | -0 30* |
| Sheep (live weight)†♠ | 76.56p | -1.81* |
| Pigs (live weight)† | 81.13p | -1.18* |
| London daily sugar (raw) | $265.0w | +2 0 |
| London daily sugar (white) | $283.5w | +0.5 |
| Tate and Lyle export price | £247.0 | +1.0 |
| Barley (English feed) | £109 5z | |
| Maize (US No 3 yellow) | £151.5 | |
| Wheat (US Dark Northern) | Unq | |
| Rubber (Sep)♥ | 50 50p | |
| Rubber (Oct)♥ | 50.50p | |
| Rubber (KL RSS No 1 Jul) | 222.0r | |
| Coconut oil (Philippines)§ | $500.0t | |
| Palm Oil (Malaysian)§ | $367.5y | |
| Copra (Philippines)§ | $325.0 | -12.5 |
| Soyabeans (US) | £137.0z | -1.0 |
| Cotton "A" index | 64.30c | |
| Wooltops (64s Super) | 380p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg t-Oct/Nov w-Aug/Sep y-Sep z-Aug . †Meat Commission average fatstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg ♠Sheep prices are now live weight prices. §§Correction for 16/7/92 394 0c

SUGAR – London FOX ($ per tonne)

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 230 00 | 245 00 | 230 00 | |
| Oct | 213.00 | 213.00 | 212.00 | 210.80 |
| Dec | 209.00 | 207.00 | 205 00 | |
| Mar | 206 20 | 204 80 | 204 00 | |
| Aug | 205 40 | | 203 00 | |
| **White** | **Close** | **Previous** | **High/Low** | |
| Oct | 268 40 | 266.50 | 268 20 | 267 00 |
| Dec | 264.20 | 262 50 | 263 70 | 262 90 |
| Mar | 267.70 | 267.30 | 268 00 | 267 30 |
| May | 271.70 | 271 00 | 271.50 | 270 50 |
| Oct | 269 20 | 267 00 | 271.00 | |

Turnover: Raw 316 (826) lots of 50 tonnes
White 433 (1574) Paris- White (FFr per tonne)
Oct 1345.59 Dec 1339.77

CRUDE OIL – IPE $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 20.39 | 20 46 | 20 40 | 20.29 |
| Oct | 20 39 | 20 43 | 20 41 | 20 30 |
| Nov | 20.36 | 20 38 | 20 36 | 20 25 |
| Dec | 20.30 | 20.29 | 20.30 | 20 15 |
| Jan | 20.19 | 20.14 | 20 19 | 20 04 |
| Feb | 19 99 | 20 02 | 19 39 | |
| IPE Index | 20.53 | 20 65 | | |

Turnover 18000 (22867)

GAS OIL – IPE $/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 184.50 | 185.75 | 185.25 | 183.50 |
| Sep | 187.00 | 188.00 | 187 50 | 185 75 |
| Oct | 189.50 | 190 50 | 189 50 | 188 25 |
| Nov | 191.50 | 192.50 | 191 50 | 190 25 |
| Dec | 192.50 | 193.75 | 193 00 | 191 60 |
| Jan | 191.25 | 192.50 | 191.50 | 190 75 |
| Feb | 187.00 | 188 50 | | |
| Mar | 183.00 | 184.50 | | |
| Apr | 180 00 | 181 00 | 181.00 | |

Turnover 11524 (12828) lots of 100 tonnes

**SPICES**
Prices of black and white pepper continued to ease this week, reports Man Producten, as falling demand and accumulating selling pressure from some producing countries resulted in a softer undertone. Prospects that prices will soon recover seem poor. Big producers like Indonesia (white pepper) and Brazil ( black pepper) will soon be coming to the market with their new crop and though production is expected to be lower than in previous years on a very good supply can still be counted on. Muntok white pepper is available at $1,125 a tonne, cif and black fair average quality at $825 a tonne, cif, prompt shipment from origin

COCOA – London FOX £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 580 | 604 | 606 | 580 |
| Sep | 609 | 616 | 622 | 606 |
| Dec | 638 | 645 | 651 | 635 |
| Mar | 667 | 673 | 679 | 665 |
| May | 686 | 693 | 693 | 687 |
| Jul | 705 | 711 | 710 | 704 |
| Sep | 725 | 730 | 732 | 723 |
| Dec | 751 | 757 | 760 | 750 |
| Mar | 777 | 784 | 788 | 778 |
| May | 800 | | 798 | |

Turnover 4884 (6959) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne) Daily price for Jul 30 791.99 (786.46) 10 day average for Jul 31 761.32 (757.57)

COFFEE London FOX $/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 740 | 738 | 740 | 738 |
| Sep | 745 | 746 | 750 | 737 |
| Nov | 763 | 765 | 770 | 757 |
| Jan | 777 | 790 | 787 | 777 |
| Mar | 790 | 800 | 795 | 789 |
| May | 805 | | 809 | 807 |
| Jul | 820 | 822 | 822 | |

Turnover 1652 (1528) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 30 Comp. daily 47.79 (46.55) 15 day average 49.08 (49.17)

POTATOES London FOX £/tonne

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 69 3 | 69 5 | 70 0 | 69 0 |

Turnover 16 (22) lots of 20 tonnes

SOYAMEAL London FOX £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 120 00 | 120 00 | 120 00 |

Turnover 75 (610) lots of 20 tonnes

FREIGHT London FOX $10/index point

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 1085 | | 1086 | |
| Aug | 1045 | 1050 | 1048 | 1043 |
| Sep | 1090 | 1085 | 1090 | 1080 |
| Oct | 1175 | 1175 | 1185 | 1164 |
| Jan | 1215 | 1205 | 1215 | 1195 |
| Jul | 1115 | | 1115 | |
| Oct | 1295 | | 1295 | |
| BFI | 1060 | 1088 | | |

Turnover 327 (218)

GRAINS – London FOX £/tonne

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 111 10 | 111 40 | 111 25 | 111 05 |
| Nov | 114 50 | 114 75 | 114 60 | 114 50 |
| Jan | 118 20 | 118 60 | 118 50 | 118 20 |
| Mar | 121 40 | 121 70 | 121 50 | 121 40 |
| May | 124 65 | 124.75 | 124 65 | |
| **Barley** | **Close** | **Previous** | **High/Low** | |
| Sep | 108 90 | 109 40 | 109 10 | 108 90 |
| Nov | 112 65 | | 112 65 | 112.40 |
| Jan | 116 30 | | 116 30 | |

Turnover Wheat 362 (369), Barley 47 (5)
Turnover lots of 100 Tonnes

PIGS London FOX (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 106 0 | 108 0 | 106 0 |
| Sep | 105 5 | | 105 0 |
| Oct | 105 5 | 105 2 | 105 2 |

Turnover 5 (5) lots of 3 250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Total daily turnover 19,553 lots |
| Cash | 1316-7 | 1310-1 | 1315.5 | 1315.5-6.0 | | |
| 3 months | 1339-40 | 1333.5-4.0 | 1341/1335 | 1338-8 5 | 1340.5-1 0 | 180,581 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Total daily turnover 21,232 lots |
| Cash | 1315-6 | 1308.5-9.5 | 1317/1315 | 1316-7 | | |
| 3 months | 1336-7 | 1334-4.5 | 1342/1334 5 | 1341-1.5 | 1338.5-8.0 | 141,432 lots |
| **Lead (£ per tonne)** | | | | | | Total daily turnover 7,931 lots |
| Cash | 348.75-9.75 | 353-4 | 349 | 348-9 | | |
| 3 months | 356 5-7.0 | 363-4 | 361/356 | 355.5-6.0 | 360-1 | 28,874 lots |
| **Nickel ($ per tonne)** | | | | | | Total daily turnover 5,81 lots |
| Cash | 7345-55 | 7420-30 | | 7353-7 | | |
| 3 months | 7415-20 | 7490-5 | 7480/7410 | 7423-7 | 7430-5 | 24,868 lots |
| **Tin ($ per tonne)** | | | | | | Total daily turnover 2,883 lots |
| Cash | 6795-805 | 6770-80 | 6800 | 6790-800 | | |
| 3 months | 6830-40 | 6810-20 | 6850/6740 | 6820-30 | 6825-35 | 12,521 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Total daily turnover 10,434 lots |
| Cash | 1359-61 | 1352-3 | | 1359-8.5 | | |
| 3 months | 1366-8 | 1361-2 | 1370/1364 | 1366-7 | 1364-5 | 68,567 lots |

LME Closing £/$ rate:
SPOT 1 9148 3 months: 1.8888 6 months: 1.8619 9 months: 1.8329

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

| Gold (troy oz) | $ price | £ equivalent |
|---|---|---|
| Close | 357 75-358 15 | |
| Opening | 357 30-357.70 | |
| Morning fix | 357.85 | 186.52 |
| Afternoon fix | 357.85 | 186 57 |
| Day's high | 358.20-358.50 | |
| Day's low | 357 10-357.40 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 2.82 | 6 months | 2.82 |
| 2 months | 2.82 | 12 months | 2.82 |
| 3 months | 2.82 | | |

| Silver fix | p/troy oz | US cts equiv |
|---|---|---|
| Spot | 205 85 | 395.25 |
| 3 months | 211 10 | 398.40 |
| 6 months | 216 35 | 401.00 |
| 12 months | 227 30 | 401.30 |

GOLD COINS

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 356 50-358.50 | 186 00-188.00 |
| Maple leaf | 368 45-370 80 | - |
| New Sovereign | 86 00-88 00 | 45.00-47 00 |

TRADED OPTIONS

| Aluminium (99 7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Sep | Dec | Sep | Dec |
| 1300 | 39 | 74 | 15 | 30 |
| 1350 | 15 | 47 | 41 | 52 |
| 1400 | 4 | 28 | 80 | 82 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2450 | 89 | 113 | 15 | 54 |
| 2500 | 56 | 86 | 32 | 76 |
| 2550 | 31 | 63 | 57 | 103 |
| **Coffee** | **Sep** | **Nov** | **Sep** | **Nov** |
| 700 | 50 | 77 | 5 | 15 |
| 750 | 18 | 46 | 23 | 34 |
| 800 | 4 | 38 | 59 | 64 |
| **Cocoa** | **Sep** | **Dec** | **Sep** | **Dec** |
| 550 | 60 | 94 | 1 | 7 |
| 575 | 38 | 74 | 4 | 12 |
| 600 | 20 | 57 | 11 | 20 |
| **Brent Crude** | **Sep** | **Oct** | **Sep** | **Oct** |
| 2000 | 41 | 70 | 13 | 34 |
| 2050 | 13 | 42 | 33 | |
| 2100 | 4 | 22 | | |

## New York

GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 357 4 | 356.5 | 357.8 | 357.0 |
| Sep | 358.3 | 357.5 | 0 | 0 |
| Oct | 359.4 | 358.6 | 359.9 | 359.5 |
| Dec | 361.4 | 360.6 | 362.0 | 360.9 |
| Feb | 363.3 | 362.5 | 363.8 | 363.2 |
| Apr | 365.1 | 364 3 | 365.2 | 364.7 |
| Jun | 367.0 | 366.2 | 0 | 0 |
| Aug | 369.0 | 368.1 | 0 | 0 |
| Oct | 371.2 | 370.2 | 0 | 0 |

PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 385.1 | 377.7 | 388 3 | 383.5 |
| Jan | 382.6 | 376.7 | 385.5 | 381.0 |
| Apr | 382.7 | 375.8 | 384.5 | 384.0 |
| Jul | 383 7 | 376.8 | 387.0 | 387.0 |

SILVER 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 392.7 | 392.1 | 0 | 0 |
| Sep | 393.7 | 393.2 | 396 5 | 392.5 |
| Oct | 395.8 | 395.2 | 0 | 0 |
| Dec | 397.8 | 397.2 | 400.5 | 398.5 |
| Jan | 399.2 | 398.6 | 400.0 | 400.0 |
| Mar | 402.1 | 401.4 | 404.0 | 401.5 |
| May | 405.0 | 404.2 | 0 | 0 |
| Jul | 407.7 | 406.8 | 408.0 | 407.5 |
| Sep | 410.7 | 409.7 | 0 | 0 |
| Dec | 415.2 | 414 2 | 418 0 | 415.0 |

SUGAR WORLD "11" 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 9.51 | 9.48 | 9.57 | 9.45 |
| Mar | 9.25 | 9.24 | 9.29 | 9.23 |
| May | 9 18 | 9.18 | 9.23 | 9.18 |
| Jul | 9.10 | 9.12 | 9.17 | 9.10 |
| Oct | 9.05 | 9.05 | 9.12 | 9.05 |

INDICES

REUTERS (Base: September 18 1931 = 100)

| Jul.31 | Jul 30 | mnth ago | yr ago |
|---|---|---|---|
| 1556.4 | 1543.2 | 1547.1 | 1706.3 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Jul.30 | Jul 29 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 116.60 | 116.52 | 118.91 | 121.84 |
| Futures | 118.19 | 117.94 | 119.70 | 124 17 |

HIGH GRADE COPPER 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 112.25 | 113.10 | 113.80 | 112.20 |
| Sep | 112.50 | 113.35 | 114.40 | 112.30 |
| Oct | 112.50 | 113.25 | 113.60 | 113.60 |
| Nov | 112.30 | 113.05 | 0 | 0 |
| Dec | 112.35 | 113.10 | 113.90 | 112.20 |
| Jan | 111.95 | 112.70 | 113.10 | 112.25 |
| Feb | 111.60 | 112.35 | 0 | 0 |
| Mar | 111.30 | 112.05 | 112.70 | 111.10 |
| Apr | 110.70 | 111.40 | 0 | 0 |
| May | 110.20 | 110.90 | 111.55 | 111.10 |

CRUDE OIL (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 21.84 | 21.83 | 21.84 | 21.66 |
| Oct | 21.73 | 21.72 | 21.74 | 21.58 |
| Nov | 21.63 | 21.63 | 21.64 | 21.51 |
| Dec | 21.55 | 21.54 | 21.56 | 21.43 |
| Jan | 21.44 | 21.40 | 21.43 | 21.35 |
| Feb | 21.31 | 21.25 | 21.29 | 21.15 |
| Mar | 21.15 | 21.11 | 21.13 | 21.11 |
| Apr | 21.03 | 20.98 | 21.00 | 20.93 |
| May | 20.93 | 20.86 | 20.90 | 20.87 |
| Jun | 20.75 | 20.74 | 20.75 | 20.74 |

HEATING OIL 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 60.55 | 60.36 | 60.85 | 59.75 |
| Sep | 61.25 | 60.96 | 61.40 | 60.40 |
| Oct | 62.20 | 61.88 | 62.30 | 61.40 |
| Nov | 63.15 | 62.88 | 63.30 | 62.45 |
| Dec | 63.90 | 63.73 | 64.10 | 63.30 |
| Jan | 64.15 | 63.93 | 64.20 | 63.55 |
| Feb | 63.40 | 62.93 | 63.40 | 62.70 |
| Mar | 61.05 | 60.53 | 61.05 | 60.40 |
| Apr | 59 00 | 58.33 | 58.35 | 58.25 |
| May | 56.80 | 56.58 | 56.80 | 56.80 |

COCOA 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 1013 | 1035 | 1044 | 997 |
| Dec | 1073 | 1094 | 1104 | 1059 |
| Mar | 1125 | 1145 | 1150 | 1114 |
| May | 1156 | 1174 | 1181 | 1170 |
| Jul | 1184 | 1203 | 0 | 0 |
| Sep | 1214 | 1233 | 0 | 0 |
| Dec | 1249 | 1268 | 1266 | 1262 |
| Mar | 1285 | 1304 | 1312 | 1295 |
| May | 1313 | 1332 | 0 | 0 |

COFFEE "C" 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 56.25 | 57.95 | 57.45 | 55.25 |
| Dec | 58.75 | 60.10 | 59.75 | 57.75 |
| Mar | 61.50 | 62.80 | 62.25 | 60.30 |
| May | 65.25 | 66.55 | 65.50 | 64.25 |
| Jul | 67.55 | 68.70 | 68.10 | 67.00 |
| Sep | 69.35 | 70.85 | 69.00 | 69.00 |
| Dec | 73.20 | 74.40 | 0 | 0 |

COTTON 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 62.17 | 61.82 | 63.05 | 61.95 |
| Dec | 60.33 | 60.27 | 61 05 | 60.11 |
| Mar | 61.50 | 61.44 | 62.10 | 61.25 |
| May | 62.28 | 62.20 | 62.45 | 62.10 |
| Jul | 62.75 | 62.75 | 62.85 | 62.75 |
| Oct | 63.05 | 63.00 | 63.15 | 63.15 |
| Dec | 63.28 | 63.30 | 63.30 | 63.26 |

ORANGE JUICE 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 117.30 | 118.15 | 118.10 | 117.10 |
| Nov | 112.80 | 114.10 | 114.00 | 112.50 |
| Jan | 112.75 | 113.60 | 113.50 | 112.50 |
| Mar | 112.75 | 113.65 | 113.80 | 112.70 |
| May | 112.85 | 113.85 | 0 | 0 |
| Jul | 112.66 | 113.65 | 0 | 0 |
| Sep | 112.65 | 113.65 | 0 | 0 |
| Nov | 112.65 | 113.65 | 0 | 0 |

## Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 557/6 | 560/6 | 568/4 | 557/4 |
| Sep | 555/4 | 560/6 | 566/0 | 555/0 |
| Nov | 552/0 | 560/0 | 563/6 | 551/0 |
| Jan | 558/6 | 567/2 | 570/4 | 558/0 |
| Mar | 567/0 | 575/4 | 578/0 | 566/0 |
| May | 572/2 | 581/6 | 583/4 | 571/4 |
| Jul | 576/0 | 586/2 | 588/0 | 576/0 |
| Aug | 578/2 | 586/4 | 587/4 | 578/2 |

SOYABEAN OIL 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 18.48 | 18.62 | 18 85 | 18.48 |
| Sep | 18.64 | 18.84 | 19.10 | 18.63 |
| Oct | 18.79 | 19.00 | 19.25 | 18.78 |
| Dec | 19.11 | 19.33 | 19.53 | 19.10 |
| Jan | 19 25 | 19.47 | 19.65 | 19.25 |
| Mar | 19.52 | 19.75 | 19.85 | 19.52 |
| May | 19.83 | 20.04 | 20.14 | 19.83 |
| Jul | 20.10 | 20.30 | 20.45 | 20.09 |

SOYABEAN MEAL 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 174.4 | 175.3 | 177.0 | 174 2 |
| Sep | 175.1 | 176.4 | 177.8 | 174.9 |
| Oct | 190.8 | 192.6 | 193.5 | 190.5 |
| Dec | 189.3 | 191 7 | 192.3 | 188.9 |
| Jan | 187.8 | 191.1 | 192.0 | 187.5 |
| Mar | 187.3 | 190.6 | 191.0 | 187.0 |
| May | 185.8 | 189.3 | 189.0 | 185.5 |
| Jul | 186.5 | 189.7 | 189.7 | 186.5 |

MAIZE 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 220/2 | 221/6 | 222/0 | 220/0 |
| Dec | 222/6 | 224/6 | 225/0 | 222/4 |
| Mar | 231/2 | 233/2 | 233/2 | 231/0 |
| May | 236/6 | 238/4 | 238/4 | 236/2 |
| Jul | 240/2 | 242/2 | 242/2 | 239/4 |
| Sep | 240/2 | 242/2 | 242/2 | 240/2 |
| Dec | 243/4 | 244/0 | 244/2 | 243/4 |

WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 317/2 | 323/4 | 324/6 | 317/0 |
| Dec | 327/4 | 334/2 | 334/4 | 327/0 |
| Mar | 332/4 | 338/2 | 338/4 | 332/0 |
| May | 326/0 | 334/0 | 334/2 | 326/0 |
| Jul | 309/6 | 316/0 | 315/4 | 309/4 |
| Sep | 319/0 | 321/0 | 319/0 | 319/0 |
| Dec | 327/4 | 331/0 | 328/0 | 327/4 |

LIVE CATTLE 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 73.825 | 73.750 | 73.900 | 73.550 |
| Oct | 73.625 | 73.775 | 73.850 | 73.600 |
| Dec | 72.225 | 72.175 | 72.275 | 72.050 |
| Feb | 71.575 | 71.675 | 71.625 | 71.425 |
| Apr | 72.750 | 72.775 | 72.750 | 72.550 |
| Jun | 69.850 | 69.775 | 69.900 | 69.700 |
| Aug | 68.350 | 68.300 | 68.550 | 68.300 |

LIVE HOGS 40,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 43.000 | 43.150 | 43.075 | 42.700 |
| Oct | 37.850 | 38.125 | 38.100 | 37.700 |
| Dec | 39.750 | 39.975 | 40.025 | 39.550 |
| Feb | 40.625 | 41.000 | 41.000 | 40.500 |
| Apr | 39.525 | 39.800 | 39.550 | 39.350 |
| Jun | 44.950 | 45.100 | 45.000 | 44.900 |
| Aug | 43.250 | 43.300 | 43.300 | 43.250 |
| Oct | 41.500 | 0 | 0 | 0 |

PORK BELLIES 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 32.800 | 31.775 | 33.000 | 31.250 |
| Feb | 39.125 | 40.075 | 40.675 | 38.400 |
| Mar | 38.900 | 39.600 | 40.300 | 38.200 |
| May | 40.500 | 41.100 | 41.560 | 39.700 |
| Jul | 39.425 | 39.400 | 41.400 | 39.425 |
| Aug | 39.100 | 40.000 | 0 | 39.100 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Increasing gloom over sterling

STERLING lost around one pfennig in early European trading against the D-Mark yesterday as the markets became increasingly gloomy about the prospects for the UK economy, *writes James Blitz.*

Several dealers said that the market had been badly affected by comments from several leading British businessmen, including the chief executive of Midland Bank and the Chairman of ICI, that a realignment of the Exchange Rate Mechanism (ERM) was needed if the government was to take control of the economy.

Yesterday, Mr Robin Leigh Pemberton, the Bank of England Governor, tried to counter these comments, saying that the UK authorities were fully committed to membership of the ERM. But the darkening economic climate in Britain makes many dealers wonder whether realignment or devaluation are in prospect. The July survey of independent forecasters issued yesterday added to the gloom, predicting that the UK economy will contract by 0.2 per cent in 1992, compared to the treasury forecast of 1.0 per cent growth.

Under these conflicting pressures, sterling fell back to a low of DM2.8353 in the early afternoon, but soon recovered to close unchanged on the day at DM2.8425. A particularly worrying aspect of its performance was its slide in the EMS grid. Dealers said that both the Bank of Portugal and the Bank of England were forced to intervene in the market, buying the pound, after sterling fell below its permitted floor against the strongest currency, the Portuguese escudo.

That divergence does not worry dealers excessively, as trading in the escudo is only a small part of the foreign exchange market. But dealers tend to be particularly bearish towards currencies at the bottom of the grid. Yesterday, the gap between sterling and the second weakest currency, the Italian lira, widened to 2.75 percentage points.

The dollar again moved in narrow ranges against the D-Mark in European trading. Strong US factory orders for June, which rose by 2.3 per cent on the previous month, and an up-beat Chicago Purchasing Management survey for July, triggered an advance of nearly a pfennig up to DM1.4831. But in late American trade, the dollar subsided in a wave of profit-taking, falling back to a low of DM1.4727.

The dollar will continue to be trapped in narrow ranges next week. Dealers believe that central banks will intervene if the currency falls towards DM1.45, while US indicators are not strong enough for dealers to feel bullish. However, the US currency could rally if July's non-farm payroll data, due out on Friday, rises. The market expects an increase in jobs by 100,000 on the previous month.

### £ IN NEW YORK

| July 31 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.9195-1.9205 | 1.9260-1.9270 |
| 1 month | 1.12-1.10pm | 1.10-1.09pm |
| 3 months | 3.29-3.26pm | 3.23-3.21pm |
| 12 months | 11.65-11.55p | 11.5-11.4pm |

Forward premiums and discounts apply to the US dollar.

### STERLING INDEX

| | July 31 | Previous |
|---|---|---|
| 8.30 am | 92.3 | 92.3 |
| 9.00 am | 92.2 | 92.3 |
| 10.00 am | 92.1 | 92.3 |
| 11.00 am | 92.2 | 92.3 |
| Noon | 92.1 | 92.3 |
| 1.00 pm | 92.1 | 92.3 |
| 2.00 pm | 92.1 | 92.2 |
| 3.00 pm | 92.1 | 92.3 |
| 4.00 pm | 92.3 | 92.3 |

### CURRENCY MOVEMENTS

| Jul 31 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 92.3 | -20.2 |
| U.S. Dollar | 60.3 | -18.3 |
| Canadian Dollar | 99.2 | -2.1 |
| Austrian Schilling | 111.1 | +12.9 |
| Belgian Franc | 113.0 | -0.9 |
| Danish Krone | 111.5 | +5.2 |
| D-Mark | 121.2 | +26.8 |
| Swiss Franc | 110.4 | +18.0 |
| Dutch Guilder | 116.2 | +17.4 |
| French Franc | 106.2 | -10.7 |
| Lira | 100.0 | -19.2 |
| Yen | 136.9 | +72.9 |
| Peseta | 108.5 | -17.5 |

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100). **Rates are for July 30

### CURRENCY RATES

| Jul 31 | Bank & rate % | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | - | 0.752271 | 0.718569 |
| U.S. Dollar | 3.00 | 1.44075 | 1.37893 |
| Canadian $ | 5.50 | 1.70412 | 1.63059 |
| Austrian Sch | 7.50 | 15.0890 | 14.3588 |
| Belgian Franc | 8.50 | 44.1842 | 42.0230 |
| Danish Krone | 9.50 | 8.25190 | 7.84958 |
| D-Mark | 8.75 | 2.14283 | 2.04013 |
| Dutch Guilder | 8.50 | 2.41124 | 2.30020 |
| French Franc | 10¼ | 7.21748 | 6.89398 |
| Italian Lira | 13.75 | 1619.86 | 1543.58 |
| Japanese Yen | 3.75 | 184.200 | 175.745 |
| Norway Krone | - | 8.42695 | 8.02056 |
| Spanish Peseta | - | 135.879 | 130.076 |
| Swedish Krona | 10.00 | 7.78293 | 7.40970 |
| Swiss Franc | 7.00 | 1.90899 | 1.81468 |
| Greek Drach | 19 | N/A | 250.690 |
| Irish Punt | - | N/A | 0.765904 |

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland † European Commission Calculations. * All SDR rates are for July 30

### OTHER CURRENCIES

| Jul 31 | £ | $ |
|---|---|---|
| Argentina | 1.9050 - 1.9080 | 0.9935 - 0.9945 |
| Australia | 2.5845 - 2.5865 | 1.3435 - 1.3445 |
| Brazil | 7991.95 - 7996.55 | 4149.00 - 4169.20 |
| Finland | 7.7580 - 7.7815 | 4.0465 - 4.0495 |
| Greece | 346.050 - 351.600 | 179.970 - 182.850 |
| Hong Kong | 14.8685 - 14.8705 | 7.7340 - 7.7350 |
| Iran | 2717.00* | 1435.00* |
| Korea(Sth) | 1504.55 - 1528.85 | 785.00 - 791.20 |
| Kuwait | 0.56225 - 0.56335 | 0.29300 - 0.29330 |
| Luxembourg | 58.45 - 58.55 | 30.45 - 30.55 |
| Malaysia | 4.8070 - 4.8090 | 2.5005 - 2.5015 |
| Mexico | 5751.00 - 5763.60 | 3111.00 - 3112.00 |
| N.Zealand | 3.5230 - 3.5280 | 1.8325 - 1.8350 |
| Saudi Ar | 7.1695 - 7.2465 | 3.7495 - 3.7505 |
| Singapore | 3.0990 - 3.1010 | 1.6120 - 1.6130 |
| S.Af (Cm) | 5.3060 - 5.3100 | 2.7600 - 2.7620 |
| S.Af (Fn) | 7.3805 - 7.4230 | 3.8390 - 3.8610 |
| Taiwan | 47.85 - 48.05 | 24.90 - 25.00 |
| U.A.E. | 7.0200 - 7.0970 | 3.6715 - 3.6735 |

*Floating rate. Iran Official rate £121.35 $63.75

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.9200 | 1.9090 | 1.8874 | 1.8571 | 1.8045 |
| D-mark | 2.8425 | 2.8418 | 2.8407 | 2.8377 | 2.8326 |
| French Fr. | 9.6050 | 9.5895 | 9.5630 | 9.5225 | 9.4820 |
| Swiss Fr. | 2.5325 | 2.5292 | 2.5220 | 2.5122 | 2.4914 |
| Yen | 244.50 | 232.26 | 240.72 | 236.88 | 229.94 |

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Jul 31 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Portuguese Escudo | 178.735 | 173.594 | -2.88 | 6.16 | 47 |
| Spanish Peseta | 133.631 | 130.076 | -2.66 | 5.93 | 45 |
| Belgian Franc | 42.4032 | 42.0230 | -0.90 | 4.04 | 30 |
| D-Mark | 2.05586 | 2.04013 | -0.77 | 3.90 | 32 |
| Dutch Guilder | 2.31643 | 2.30020 | -0.70 | 3.84 | 21 |
| Irish Punt | 0.767417 | 0.765904 | -0.20 | 3.31 | -3 |
| French Franc | 6.89509 | 6.89398 | -0.02 | 3.13 | -14 |
| Danish Krone | 7.84195 | 7.84958 | 0.10 | 3.01 | -17 |
| Italian Lira | 1538.24 | 1543.58 | 0.35 | 2.75 | -30 |
| Sterling | 0.696904 | 0.718569 | 3.11 | 0.00 | -61 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

### POUND SPOT - FORWARD AGAINST THE POUND

| Jul 31 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.9150 - 1.9275 | 1.9195 - 1.9205 | 1.11-1.09cpm | 6.88 | 3.28-3.25pm | 6.80 |
| Canada | 2.2690 - 2.2790 | 2.2775 - 2.2785 | 0.92-0.87cpm | 4.71 | 2.91-2.84pm | 5.05 |
| Netherlands | 3.1975 - 3.2075 | 3.1975 - 3.2075 | ⅛-parcpm | 0.23 | ⅜-¼pm | 0.39 |
| Belgium | 58.40 - 58.60 | 58.45 - 58.55 | 3-2cpm | 0.51 | 11-5pm | 0.55 |
| Denmark | 10.9100 - 10.9525 | 10.9100 - 10.9200 | ⅛-1⅛oredis | -0.96 | 1⅝-3dis | -0.85 |
| Ireland | 1.0660 - 1.0680 | 1.0670 - 1.0680 | 0.05-0.01cpm | 0.34 | 0.06-parpm | 0.11 |
| Germany | 2.8365 - 2.8465 | 2.8400 - 2.8450 | ⅛-parpfpm | 0.26 | ⅜-¼pm | 0.35 |
| Portugal | 240.50 - 242.26 | 241.20 - 242.20 | 110-179cdis | -7.17 | 253-379dis | -5.23 |
| Spain | 180.65 - 181.30 | 181.00 - 181.30 | 47-53cdis | -3.31 | 140-150dis | -3.20 |
| Italy | 2144.15 - 2151.40 | 2148.50 - 2149.50 | 12-14liredis | -7.26 | 29-32dis | -5.68 |
| Norway | 11.1475 - 11.1930 | 11.1475 - 11.1575 | ⅛-⅝oredis | -0.40 | ¼-1⅜dis | -0.29 |
| France | 9.5860 - 9.6210 | 9.6000 - 9.6100 | par-¼cdis | -0.16 | ¼-⅜dis | -0.18 |
| Sweden | 10.3000 - 10.3420 | 10.3000 - 10.3100 | 1⅝-2⅛oredis | -2.26 | 5-6⅛dis | -2.18 |
| Japan | 244.00 - 245.10 | 244.00 - 245.00 | 1⅜-1⅛ypm | 6.13 | 3⅞-3⅝pm | 6.13 |
| Austria | 19.95 - 20.02 | 19.99 - 20.02 | 1⅛-pargropm | 0.34 | 3¼-1pm | 0.42 |
| Switzerland | 2.5240 - 2.5375 | 2.5275 - 2.5375 | ⅜-¼cpm | 1.48 | 1⅛-⅞pm | 1.58 |
| Ecu | 1.3915 - 1.3965 | 1.3935 - 1.3945 | 0.10-0.15cdis | -1.08 | 0.19-0.24dis | -0.62 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 6.32-6.27pm. 12 Month 11.60-11.50pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Jul 31 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9150 - 1.9275 | 1.9195 - 1.9205 | 1.11-1.09cpm | 6.88 | 3.28-3.25pm | 6.80 |
| Ireland† | 1.7965 - 1.8070 | 1.8035 - 1.8045 | 1.10-1.07cpm | 7.22 | 3.13-3.06pm | 6.86 |
| Canada | 1.1815 - 1.1850 | 1.1840 - 1.1850 | 0.20-0.22cdis | -2.13 | 0.51-0.56dis | -1.79 |
| Netherlands | 1.6610 - 1.6720 | 1.6680 - 1.6690 | 0.90-0.93cdis | -6.58 | 2.68-2.73dis | -6.48 |
| Belgium | 30.40 - 30.55 | 30.45 - 30.55 | 15.50-18.00cdis | -6.59 | 47.00-52.00dis | -6.43 |
| Denmark | 5.6750 - 5.7020 | 5.6825 - 5.6875 | 3.60-3.90oredis | -7.92 | 10.70-11.30dis | -7.74 |
| Germany | 1.4725 - 1.4830 | 1.4795 - 1.4805 | 0.81-0.82pfdis | -6.61 | 2.40-2.42dis | -6.51 |
| Portugal | 125.45 - 125.90 | 125.45 - 125.55 | 135-155cdis | -13.86 | 360-420dis | -12.43 |
| Spain | 93.90 - 94.40 | 94.25 - 94.35 | 79-82cdis | -10.24 | 235-240dis | -10.07 |
| Italy | 1115.50 - 1120.45 | 1119.00 - 1119.50 | 12.00-13.00liredis | -13.40 | 34.00-36.50dis | -12.51 |
| Norway | 5.8000 - 5.8230 | 5.8075 - 5.8125 | 3.30-3.60oredis | -7.13 | 10.15-10.65dis | -7.16 |
| France | 4.9815 - 5.0050 | 5.0000 - 5.0050 | 2.92-2.97cdis | -7.06 | 8.74-8.84dis | -7.03 |
| Sweden | 5.3510 - 5.3865 | 5.3650 - 5.3700 | 3.93-4.19oredis | -9.08 | 11.95-12.40dis | -9.07 |
| Japan | 126.95 - 127.55 | 127.30 - 127.40 | 0.07-0.08ydis | -0.71 | 0.19-0.20dis | -0.61 |
| Austria | 10.3900 - 10.4250 | 10.4200 - 10.4250 | 5.55-5.90grodis | -6.59 | 16.20-17.20dis | -6.41 |
| Switzerland | 1.3095 - 1.3210 | 1.3180 - 1.3190 | par-1cdis | -4.55 | 0.01-0.02dis | -0.05 |
| Ecu | 1.3750 - 1.3820 | 1.3780 - 1.3790 | 0.92-0.90cpm | 7.92 | 2.64-2.61pm | 7.62 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Jul 31 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 10 - 9⅞ | 10 - 9⅞ | 10¼ - 10⅛ | 10⅜ - 10¼ | 10⅜ - 10¼ | 10⅜ - 10¼ |
| US Dollar | 3¼ - 3⅛ | 3⅜ - 3¼ | 3⅜ - 3¼ | 3⅜ - 3⅜ | 3⅝ - 3½ | 3⅞ - 3¾ |
| Can. Dollar | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5½ |
| Dutch Guilder | 9⅞ - 9⅝ | 9¾ - 9⅝ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9¾ - 9⅝ |
| Swiss Franc | 8⅝ - 8⅛ | 8⅞ - 8⅝ | 8¾ - 8⅝ | 8¾ - 8⅝ | 8⅝ - 8½ | 8½ - 8⅛ |
| D-Mark | 9⅝ - 9⅝ | 9¾ - 9⅝ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9⅞ - 9¾ |
| French Franc | 10⅛ - 10 | 10⅛ - 10 | 10⅜ - 10⅛ | 10⅜ - 10¼ | 10⅜ - 10¼ | 10⅜ - 10¼ |
| Italian Lira | 18 - 15 | 17½ - 16¼ | 17¼ - 16½ | 16¼ - 15¾ | 16 - 15½ | 15¾ - 15¼ |
| Belgian Franc | 9⅜ - 9⅛ | 9¾ - 9⅝ | 9¾ - 9⅝ | 9¾ - 9⅝ | 9¾ - 9⅝ | 9¾ - 9⅝ |
| Yen | 4⅜ - 4⅛ | 4⅜ - 4¼ | 4⅛ - 4⅛ | 4⅛ - 4 | 3⅞ - 3¾ | 3⅞ - 3¾ |
| Danish Krone | 11½ - 11 | 11½ - 11 | 11 - 10⅛ | 11 - 10⅞ | 11 - 10⅞ | 10⅞ - 10⅞ |
| Asian $Sing | 2⅛ - 2⅛ | 2⅛ - 2⅛ | 2⅛ - 2⅛ | 2⅜ - 2⅛ | 2⅝ - 2⅜ | 3⅛ - 3¼ |
| Spanish Peseta | 13 - 12⅞ | 13⅛ - 13 | 13⅛ - 13⅛ | 13⅝ - 13⅜ | 13⅝ - 13⅛ | 13⅞ - 13⅞ |

Long term Eurodollars: two years 4⅜-4⅛ per cent; three years 5⅛-5 per cent; four years 5⅝-5½ per cent; five years 6⅛-5⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| July 31 | £ | $ | DM | Yen | F Fr. | S Fr. | N FL. | Lira | C$ | B Fr. | Pta. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.920 | 2.843 | 244.5 | 9.605 | 2.533 | 3.203 | 2149. | 2.278 | 58.50 | 181.2 | 1.394 |
| $ | 0.521 | 1 | 1.481 | 127.3 | 5.003 | 1.319 | 1.668 | 1119. | 1.186 | 30.47 | 94.38 | 0.726 |
| DM | 0.352 | 0.675 | 1 | 86.00 | 3.378 | 0.891 | 1.127 | 755.9 | 0.801 | 20.58 | 63.74 | 0.490 |
| YEN | 4.090 | 7.853 | 11.63 | 1000. | 39.28 | 10.36 | 13.10 | 8789. | 9.317 | 239.3 | 741.1 | 5.701 |
| F Fr. | 1.041 | 1.999 | 2.960 | 254.6 | 10. | 2.637 | 3.335 | 2237. | 2.372 | 60.91 | 188.7 | 1.451 |
| S Fr. | 0.395 | 0.758 | 1.122 | 96.53 | 3.792 | 1. | 1.265 | 848.4 | 0.899 | 23.10 | 71.54 | 0.550 |
| N FL. | 0.312 | 0.599 | 0.888 | 76.33 | 2.999 | 0.791 | 1. | 670.9 | 0.711 | 18.26 | 56.57 | 0.435 |
| Lira | 0.465 | 0.893 | 1.323 | 113.8 | 4.470 | 1.179 | 1.490 | 1000. | 1.060 | 27.22 | 84.32 | 0.649 |
| C$ | 0.439 | 0.843 | 1.248 | 107.3 | 4.216 | 1.112 | 1.406 | 943.4 | 1. | 25.68 | 79.54 | 0.612 |
| B Fr. | 1.709 | 3.282 | 4.860 | 417.9 | 16.42 | 4.330 | 5.475 | 3674. | 3.894 | 100. | 309.7 | 2.383 |
| Pta. | 0.552 | 1.060 | 1.569 | 134.9 | 5.301 | 1.398 | 1.768 | 1186. | 1.257 | 32.29 | 100. | 0.769 |
| Ecu | 0.717 | 1.377 | 2.039 | 175.4 | 6.890 | 1.817 | 2.298 | 1542. | 1.634 | 41.97 | 130.0 | 1. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

LIFFE EUROMARK OPTIONS DM1m points of 100%

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT * £50,000 32nds of 100%

US TREASURY BONDS (T) 8% * $100,000 32nds of 100%

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100%

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

THREE MONTH STERLING * £500,000 points of 100%

THREE MONTH EURODOLLAR * $1m points of 100%

THREE MONTH EUROMARK * DM 1m points of 100%

THREE MONTH ECU * ECU 1m points of 100%

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

THREE MONTH EUROLIRA INT. RATE LIRA 1,000m points of 100%

FT-SE 100 INDEX * £25 per full index point

Estimated volume 9048 (9662)
Previous day's open int. 45591 (45262)

* Contracts traded on APT. Closing prices shown

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

BRITISH POUND (IMM) $ per £

SWISS FRANC (IMM) SFr 125,000 $ per SFr

JAPANESE YEN (IMM) Y12.5m $ per Y100

DEUTSCHE MARK (IMM) DM125,000 $ per DM

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

STANDARD & POORS 500 INDEX $500 times index

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

CAC-40 FUTURES (MATIF) Stock Index

ECU BOND (MATIF)

OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | | | | | | |
|---|---|---|---|---|---|---|
| 105 | 0.33 | 1.31 | - | 0.90 | 1.53 | 1.59 |
| 106 | 0.11 | 0.89 | 1.37 | 1.66 | 2.06 | - |
| 107 | 0.04 | 0.58 | 1.00 | 2.58 | - | - |
| 108 | 0.02 | 0.35 | 0.69 | - | 3.46 | - |
| Open Int. | 140 100 | 248 843 | 8 575 | 114 517 | 77 875 | 5 855 |

Estimated volume 68,211 † Total Open Interest 595 765
† All Yield & Open Interest figures are for the previous day

### POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth | 3-mth | 6-mth | 12-mth |
|---|---|---|---|---|
| 1.9200 | 1.9090 | 1.8874 | 1.8571 | 1.8045 |

## MONEY MARKETS

# Futures still bearish

STERLING futures again performed very bearishly yesterday as the market continued to assume that a cut in UK base rates was a distant prospect.

The September short sterling contract closed at 89.63, its lowest finish since base rates were cut to 10 per cent three months ago. After opening at 89.64, it had bottomed out earlier in the day at 89.60. The December contract was also badly hit by the bearish mood, closing at 89.74, ten basis points down from its previous close.

The closing price for the December contract assumes that 3-month money at the year's end will still be at 10¼ per cent. The impression that there will be no cut in the all-important German Lombard rate this year was clearly given by Mr Helmut Schlesinger, the Bundesbank President on Thursday. Sterling's poor performance yesterday did not help matters: the currency slid one pfennig in early trading to a low of DM2.8353.

Rates in the sterling cash market were firmer, although this was again put down to the month's end, when commercial banks and discount houses need to keep a minimum amount of paper assets on their books to comply with Bank of England requirements. Dealers also felt that they must keep bills in reserve for next week: there is speculation that the Bank will hold another gilts auction, creating big shortages in the discount market.

As a result, bills were only gradually offered to the Bank, on a day when a shortage of £1.25bn was forecast in the morning. One week money was dearer by ¼ per cent on the offered side, closing at 10¼ per cent. One month money was 1/16 per cent higher at 10¼ per cent offered, while 3-month money closed unchanged at 10⅜ per cent offered.

The Bank operated at the established rates of 9⅞ per cent for Bands 1 and 2, and 9 15/16 per cent for the repurchase agreement (repo).

In the morning, the Bank purchased £200m in the repo, revising the forecast to £1.3bn. The Bank then bought £6m in Band 1 treasury bills, £10m in Band 1 bank bills, and £34m in the repo. In the afternoon, the Bank revised the shortage up to £1.4bn, bought £615m in the repo, £5m in Band 1 treasury bills, £158m in Band 1 bank bills, £102m in Band 2 bank bills and £350m in the repo. Late assistance was £405m.

**UK clearing bank base lending rate 10 per cent from May 5, 1992**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. July 31) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 3⅜ | offer 3½ | bid 3½ | offer 3⅝ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** — Treasury Bills and Bonds

| Lunchtime | | | | | |
|---|---|---|---|---|---|
| Prime rate | 6 | One month | 3.15 | Three year | 4.86 |
| Broker loan rate | 6 | Two month | 3.10 | Five year | 5.82 |
| Fed funds | 3¼ | Three month | 3.26 | Seven year | 6.26 |
| Fed funds at intervention | - | Six month | 3.32 | 10-year | 6.71 |
| | | One year | 3.63 | 30-year | 7.46 |
| | | Two year | 4.42 | | |

| July 31 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.60-9.70 | 9.70-9.80 | 9.70-9.80 | 9.70-9.80 | 9.70-9.80 | 9.75 |
| Paris | 9⅞-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 9.60 |
| Zurich | 7⅞-8⅛ | 8⅛-8⅛ | - | 8⅛-8⅛ | - | - |
| Amsterdam | 9.68-9.75 | 9.58-9.66 | - | 9.58-9.66 | - | - |
| Tokyo | 4⅛-4⅞ | 4-4⅛ | - | 4⅛-4⅛ | - | - |
| Milan | 14⅞-15 | 16⅛-16⅞ | - | 16⅛-16⅛ | - | - |
| Brussels | - | 9⅞-9⅞ | - | 9⅞-9⅞ | - | - |
| Dublin | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅛-10⅛ | - |

### LONDON MONEY RATES

| Jul 31 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 11½ | 10 | 10¼ | 10⅜ | 10⅜ | 10⅜ |
| Interbank Bid | 9⅞ | 9⅞ | 10⅛ | 10¼ | 10⅜ | 10⅜ |
| Sterling CDs | - | - | 10⅛ | 10⅜ | 10⅜ | 10⅜ |
| Local Authority Deps. | 9⅞ | 10 | 10⅛ | 10⅜ | 10⅛ | 10⅛ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 10½ | 9⅞ | - | - | - | - |
| Company Deposits | - | - | - | - | - | - |
| Finance House Deposits | - | - | 10⅛ | 10⅛ | 10⅛ | 10⅛ |
| Treasury Bills (Buy) | - | - | 9 11/16 | 9⅛ | 9⅛ | - |
| Bank Bills (Buy) | - | - | 9⅞ | 9 11/16 | 9⅝ | - |
| Fine Trade Bills (Buy) | - | - | - | - | - | - |
| Dollar CDs | - | - | 3.27 | 3.29 | 3.40 | 3.61 |
| SDR Linked Dep. Offer | - | - | 6⅛ | 6⅛ | 6⅛ | 6⅛ |
| SDR Linked Dep. Bid | - | - | 5⅞ | 6⅛ | 6⅛ | 6⅛ |
| ECU Linked Dep. Offer | - | - | 11⅛ | 11⅛ | 11⅛ | 10⅞ |
| ECU Linked Dep. Bid | - | - | 10⅞ | 10⅞ | 10⅞ | 10⅞ |

Treasury Bills (sell): one-month 9 11/16 per cent; three months 9½ per cent; six months 9⅝ per cent; Bank Bills (sell): one-month 9 13/16 per cent; three months 9 11/16 per cent; Treasury Bills: Average tender rate of discount 9.6127 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31 1992. Agreed rates for period August 26, 1992 to September 22, 1992, Scheme I: 11.27 p.c., Schemes II & III: 11.46 p.c. Reference rate for period July 1, 1992 to July 31, 1992, Scheme IV&V: 10.188 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from July 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 6½ per cent, one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

### BANK RETURN

| BANKING DEPARTMENT | Wednesday July 29, 1992 | | Increase or decrease for week |
|---|---|---|---|
| LIABILITIES | £ | | £ |
| Capital | 14,553,000 | | |
| Public Deposits | 85,113,723 | + | 1,349,050 |
| Bankers Deposits | 1,507,654,854 | - | 28,389,077 |
| Reserve and other Accounts | 3,590,878,100 | - | 67,407,863 |
| | 5,198,199,677 | - | 94,447,890 |
| ASSETS | | | |
| Government Securities | 1,377,441,175 | + | 157,935,000 |
| Advance and other Accounts | 2,413,205,367 | + | 218,199,318 |
| Premises Equipment & other Secs | 1,397,571,268 | - | 469,565,335 |
| Notes | 9,803,196 | - | 1,006,141 |
| Coin | 178,671 | - | 10,732 |
| | 5,198,199,677 | - | 94,447,890 |
| **ISSUE DEPARTMENT** | | | |
| LIABILITIES | | | |
| Notes in circulation | 16,370,196,804 | + | 101,006,141 |
| Notes in Banking Department | 9,803,196 | - | 1,006,141 |
| | 16,380,000,000 | + | 100,000,000 |
| ASSETS | | | |
| Government Debt | 11,015,100 | | |
| Other Government Securities | 9,590,437,574 | + | 1,055,382,784 |
| Other Securities | 6,778,547,326 | - | 955,382,784 |
| | 16,380,000,000 | + | 100,000,000 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10 | Credit Lyonnais | 10 | McDonnell Douglas Bnk | 10 |
| Allied Trust Bank | 10 | Cyprus Popular Bk | 10 | Midland Bank | 10 |
| AIB Bank | 10 | Dao Heng Bank Plc | 11 | Mount Banking | 10 |
| ● Henry Ansbacher | 10 | Duncan Lawrie | 10 | NatWestminster | 10 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10 | Northern Bank Ltd | 10 |
| Bank of Baroda | 10 | Exeter Bank Limited | 10.5 | Nykredit Mortgage Bank | 10.5 |
| Banco Bilbao Vizcaya | 10 | Financial & Gen. Bank | 10 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10 | ● Robert Fleming & Co | 10 | ● Rea Brothers | 10 |
| Bank of Ireland | 10 | Robert Fraser & Ptnrs | 10.5 | Roxburghe Bank Ltd | 11 |
| Bank of India | 10 | Girobank | 10 | Royal Bk of Scotland | 10 |
| Bank of Scotland | 10 | ● Guinness Mahon | 10 | ● Smith & Williamson Secs. | 10 |
| Banque Belge Ltd | 10 | Habib Bank AG Zurich | 10 | Standard Chartered | 10 |
| Barclays Bank | 10 | ● Hambros Bank | 10 | TSB | 10 |
| Brit Bk of Mid East | 10 | Hampstead Trust Plc | 13.5 | Unitbank plc | 10 |
| ● Brown Shipley | 10 | Heritable & Gen Inv Bnk | 10 | ● United Bk of Kuwait | 10 |
| CL Bank Nederland | 10 | ● Hill Samuel | 10 | Unity Trust Bank Plc | 10 |
| Citibank NA | 10 | C. Hoare & Co. | 10 | Western Trust | 10 |
| City Merchants Bank | 10 | Hongkong & Shanghai | 10 | Whiteaway Laidlaw | 10 |
| Clydesdale Bank | 10 | Julian Hodge Bank | 10 | Yorkshire Bank | 10 |
| Co-operative Bank | 10 | ● Leopold Joseph & Sons | 10 | | |
| Coutts & Co | 10 | Lloyds Bank | 10 | | |
| | | Meghraj Bank Ltd | 10 | | |

● Members of British Merchant Banking & Securities Houses Association



## MONEY MARKET FUNDS

### Money Market Trust Funds

### Money Market Bank Accounts

NOTES – Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for the deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.



### LEGAL NOTICE

In the High Court of Justice No. 003632 of 1992
Chancery Division
Mr Registrar Buckley
In the matter of Turnbull Scott Holdings Plc
and
In the Matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that the Petition was on 22 July 1992 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of reduction of capital of the above named company from £7,650,000 to £2,640,365. AND NOTICE IS HEREBY FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Jonathan Parker at The Royal Courts of Justice, Strand, London on the 12th day of August 1992. Any Creditor or Shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated the 30th day of July 1992
LAWRENCE GRAHAM
190 Strand, London WC2R 1JN
Solicitors for the above named company



### MONTHLY AVERAGES OF STOCK INDICES

| | July | June | May | April |
|---|---|---|---|---|
| Financial Times | | | | |
| Government Securities | 89.31 | 88.83 | 89.05 | 87.42 |
| Fixed Interest | 105.92 | 104.70 | 104.39 | 101.15 |
| Ordinary | 1856.5 | 2027.3 | 2123.5 | 1983.3 |
| Gold Mines | 90.1 | 101.8 | 110.6 | 113.0 |
| SEAQ Bargains(5.00pm) | 20,083 | 22,745 | 31,540 | 35,856 |
| F.T.-Actuaries | | | | |
| Industrial Group | 1256.74 | 1348.67 | 1406.22 | 1318.88 |
| 500 Share | 1319.06 | 1419.66 | 1476.08 | 1387.84 |
| Financial Group | 703.78 | 755.77 | 784.49 | 701.83 |
| All-Share | 1171.62 | 1260.28 | 1310.73 | 1225.16 |
| FT-SE 100 | 2443.3 | 2604.4 | 2702.3 | 2549.4 |
| FT-SE Eurotrack 100 | 1099.17 | 1164.01 | 1186.95 | 1159.90 |

| | Highest July close | Lowest July close |
|---|---|---|
| Ordinary | 1917.3 (1st) | 1767.0 (27th) |
| All-Share | 1204.25 (3rd) | 1124.19 (27th) |
| FT-SE 100 | 2497.9 (9th) | 2348.0 (27th) |
| FT-SE Eurotrack 100 | 1142.19 (3rd) | 1052.53 (24th) |

# LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

## British Funds, etc
No. of bargains included 1820

Treasury 13¾% Stk 2000/03 - £123¾ ‡‡123⅞ (29Jy92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £120½ (28Jy92)

## Corporation and County Stocks
No. of bargains included nil

Birmingham Corp 3½% Stk 1946(or after) - £33 (24Jy92)
Manchester Corp 3% Red Cons Stk 1928(or after) - £27 (28Jy92)
Nottingham Corp 3% Stk (Irrd) - £27 (28Jy92)

## UK Public Boards
No. of bargains included 1

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 - £96 (24Jy92)

## Commonwealth-Government
No. of bargains included 1

Jersey Electricity Co Ld 8% Gtd Stk 2000 - £94

## Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 110

Greece,(Kingdom of) 5% 1881(Assd with Acceptance Cert) - £15 (29Jy92)
5% Ln 1914(Assd with Acceptance Cert) - £15 (29Jy92)
A.M.P.(U.K.) PLC 13% Bds 2015 (Br £5000&100000) - £122 (28Jy92)
Abbey National PLC 11⅝% Nts 1995 (Br£1000,10000&100000) - £100⅝ (27Jy92)
Abbey National Sterling Capital PLC 10⅜% Subord Gtd Bds 2002 (Br £ Var) - £102½ ⅝ (27Jy92)
11⅝% Subord Gtd Bds 2017 - £109¾ ¾
Abbey National Treasury Servs PLC 10½% Gtd Nts 1997 (Br £Var) - £102½ (27Jy92)
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £101⅝ (24Jy92)
American Medical Int Inc 11¼% Nts 1995(Br £5000) - £94½
Amsterdam-Rotterdam Bank NV 9⅝% Nts 1992 - £100 (27Jy92)
Anglian Water PLC 12% Bds 2014 (Br £10000&100000) - £117¾ (28Jy92)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £77½ (27Jy92)
Associated British Ports Hldgs PLC 10⅜% Bds 2015(Br£10000&100000) - £97½ ⅝ 8 ⅝
11⅛% Bds 2011 (Br £10000&100000) - £104½ 7¾ (28Jy92)
Associated Newspapers Holdings Ld 8½% Gtd Exch Bds 2003 (Br£1000&5000) - £183 (27Jy92)
BAA PLC 11¾% Bds 2016 (Br £10000&100000) - £114⅝ (29Jy92)
BP America Inc 9½% Gtd Nts 1994 - £99¾
BP Capital BV 9¾% Gtd Nts 1993 - £99¾ (27Jy92)
Barclays Bank PLC 10¼% Senior Subord Bds 1997 - £100¾ 1¾
12¾% Senior Subord Bds 1997(Br£Var) - £109¾
9½% Gtd Nts 1993 - £99¾ (28Jy92)
Bekins B.V.Zebras 22/1/96(Br £10000) - £72½ (28Jy92)
Blue Circle Industries PLC 10⅝% Bds 2013 (Br£5000&100000) - £99½ (29Jy92)
Blue Circle Industries Capital Ld 10½% Cnv Cap Bds 2005(Br£5000&100000) - £104½ (29Jy92)
Bristol & West Building Society 10⅝% Subord Bds 2000(Br£10000&100000) - £98¾ (28Jy92)
Britannia Building Society 10⅝% Bds 2000 (Br £10000&100000) - £100.44 (24Jy92)
British Aerospace PLC 10¾% Bds 2014 (Br£10000&100000) - £90¾
11¾% Bds 2008 (Br £1000&10000) - £101¼ ⅞ ⁹⁄₁₆
British Airways PLC 9½% Nts 1997 - £97¾
10% Bds 1998 - £100 (24Jy92)
10⅞% Bds 2008 - £103.575 (27Jy92)
British Gas Intl Finance BV Zero Cpn Gtd Bds 2021 (Br $Var) - $9.17 .2 ¼
British Gas PLC 10⅛% Bds 2001(Br £1000,10000&100000) - £107 (29Jy92)
12¾% Bds 1995 (Br£1000&10000) - £106¾
British Land Co PLC 12½% Bds 2016 (Br£10000&100000) - £104¾ ⅝ (29Jy92)
British Telecommunications PLC 9¾% Nts 1993 - £98½ (27Jy92)
13¾% Nts 1993 (Br£100,1000&10000) - £101¼
Zero Cpn Bds 2000 - £50.85
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006(Reg) - £111¾
Cable & Wireless Int Finance BV 10⅜% Gtd Bds 2002 (Br £10000&100000) - £101¾ (28Jy92)
Coats Viyella Finance N.V. 7¼% Gtd Red Cnv Prf 2004 (Br) - 117½ (28Jy92)
Cookson Finance NV 5¾% Gtd Red Cnv Prf 2004 (BrShs 1&5) - £116 (24Jy92)
Costain Finance NV 7.5% GtdRed CnvPrf 2003 £1(Certs to Br) - 83
Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £108½
Dawson Finance NV 9⅝% GtdRedCnvPrf 2004(CertsToBr £116) - £99 (24Jy92)
Denmark(Kingdom of) 11¾% Bds 1994 - £103 (29Jy92)
Electricite de France 10½% Gtd Bds 2009 (Br£10000&100000) - £107¼ (28Jy92)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £92½♦
8¾% Gtd Exch Bds 2006(Br£5000&100000) - £91¾ (24Jy92)
European Bank for Rec and Dev 8.875% Bds 1996 (Br ECU10000&100000) - EC97¾
Far Eastern Textile Ld 4% Bds 2006 - $101
Finland(Republic of) 9⅜% Nts 1997 (Br£ Var) - £99⅝
10⅝% Bds 2008 - £102⅝ (28Jy92)
10⅝% Bds 1998 - £102½ (27Jy92)
Fisher (Albert) Finance N.V. 5¾% Gtd Red Cnv Prf 2004 - £106½ (29Jy92)
Girozentrale Und Bank Der Ost Spark 12¾% Subord Bds 1993 - £101⅝ (27Jy92)
Granada Group PLC 11¼% Bds 2019 (Br£10000&100000) - £101¾ (28Jy92)
Grand Metropolitan PLC 6½% Subord Cnv Bds 2002 (Br£5000) - £121 (27Jy92)
Guinness PLC 10⅝% Nts 1997 (Br £1000 & 10000) - £102⅝ (27Jy92)
Guinness Finance BV 12% Gtd Nts 1996 - £105½ (27Jy92)
Halifax Building Society 10% Nts 1993 - £99¾
10⅜% Nts 1997 - £101⅝
11% Subord Bds 2014(Br£10000&100000) - £104⅝ (28Jy92)
Fltg Rate Ln Nts 1994(Br£5000&50000) - £99.9 .94
Hammerson Property Inv & Dev Corp 10¾% Bds 2013 (Br£10000&100000) - £91⅝ 2 ⅜
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £100
10⅜% Bds 1997 (Br £Var) - £99¾ (28Jy92)
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) - 116
7% Cnv Cap Bds 2004 (Br£1000&10000) - £117 (28Jy92)
Hillsdown Hldgs PLC 4½% Cnv Bds 2002 - £121⅛ (28Jy92)
Hydro-Quebec 9⅝% Debs Sers GY 6/6/95 - £98¾ (29Jy92)
12⅜%ObsSrsH9/3/2015(Br£10000&100000) - £121⅝ (27Jy92)
Imperial Chemical Industries PLC 9¾% Bds 2005 - £97.5125 ¾
10% Bds 2003 - £100 ¾
Inter-American Development Bank 11⅜% Bds 1995(Br £5000) - £103¾ (24Jy92)
International Bank for Rec & Dev 9¾% Bds 2007 (Br£5000) - £99⅜
10⅝% Nts 1999 (Br£5000) - £104½ 5 (27Jy92)
10⅛% Nts 1994 - £102¾ (24Jy92)
11% Nts 1994(Br£5000) - £102¼ (24Jy92)
11⅜% Nts 2001 - £109.825 (29Jy92)
11¼% Nts 1995 - £103¾ (27Jy92)
12% Nts 1995 - £106½ (27Jy92)
Italy(Republic of) 8⅝% Nts 1994 - $108¼ (28Jy92)
9⅝% Nts 1995 (Br$10000&100000) - $112.3♦
9¼% Bds 1996 (Br$5000&10000) - $111 (28Jy92)
10½% Bds 2014 (Br£10000&50000) - £104⅜ ⅝
Ladbroke Group PLC 5½% Subord Cnv Bds 2004(Br£1000&5000) - £117¾ (28Jy92)
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £89♦ ¾♦
Land Securities PLC 9½% Bds 2007 - £90¾ (29Jy92)
Leeds Permanent Building Society 11½% Nts 1996 (Br £5000&100000) - £104 (27Jy92)
Leeds Permanent Building Society Fltg Rate Nts 1997 (Br£10000&100000) - £99.4 .52 (27Jy92)
Lewis (John) PLC 10¼% Bds 2006 - £99¾ (29Jy92)
10⅝% Bds 2014 (Br£10000&100000) - £101⅝
Lucas Industries PLC 10½% Bds 2020 (Br£10000&100000) - £94¾ (29Jy92)
MEPC PLC 10¼% Bds 2003 - £92⅝ 3½ ¾ (29Jy92)
12% Bds 2006 (Br £10000 & 100000) - £106½ ⅝ (24Jy92)
Marks & Spencer Finance PLC 9¾% Gtd Nts 1993 - £99½ (29Jy92)
Municipality Finance Ld 9½% Gtd Nts 1997 (Br £Var) - £98½ (29Jy92)
National Power PLC 10⅝% Bds 2001 (Br £10000&100000) - £103½ (29Jy92)
National & Provincial Bldg Society 10% Nts 1993 (Br£5000&10000) - £99¾ (28Jy92)
Nationwide Building Society 11¼% Nts 1997 (Br £5000 & 100000) - £104¾ (27Jy92)
Norsk Hydro AS 9% Nts 25/2/94 - $109¼♦
Osaka Gas Co Ld 10.25% Nts 1996 (Br $C5000&10000) - $C100.2 (27Jy92)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001 - $104
Pearson PLC 10½% Bds 2008 - £98
Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002 - £117½ (24Jy92)
11½% Bds 2014 (Br£10000&100000) - £101⅝ (28Jy92)
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £95 (29Jy92)
RMC Capital Ld 8¾% Cnv Cap Bds 2006 (Br £5000&50000) - £90¾ 1¾ (27Jy92)
Ranks Hovis McDougall PLC 4¾% Cnv Bds 2003 (Br£5000) - £125½ (28Jy92)
Ratners Group PLC 4% Cnv Bds 2002 (Br£5000) - £98 (29Jy92)
Reed International PLC 11⅝% Bds 1994(Br £5000) - £100⅝
Rolls-Royce PLC 9⅝% Nts 1993 - £98¾
Royal Insurance PLC 10⅜% Nts 1992(Br£5000) - £99⅝
Sainsbury(J) PLC 12¾% Nts 1995 - £106½ (27Jy92)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br - £140½ (28Jy92)
Santander Financial Issuances Ld 7⅞% Subord Bds 1996 (With Warrants) - $102¾ 3¾ (27Jy92)
Severn Trent PLC 11½% Bds 1999 (Br £5000&100000) - £106½ (28Jy92)
Skandia Capital AB 11% Gtd Nts 1996 - £102⅜ (28Jy92)
Slough Estates PLC 10% Bds 2007 - £87¼ (29Jy92)
11⅝% Bds 2012 (Br £ Var)(25% Pdy Pd) - £23¾ 4⅛ ⅜
6% Cnv Bds 2003 - £114¼ (28Jy92)
South West Water PLC 10⅝% Bds 2012 (Br £10000&100000) - £105¾ (28Jy92)
Southern Electric PLC 10⅜% Bds 2002 (Br £Var) - £103⅝ ⅝ (28Jy92)
Svensk Exportkredit AB 12% Nts 1994 - £102½
Zero Cpn Bds 1994 - $90¾ (24Jy92)
Sweden(Kingdom of) 11¼% Bds 1995(Br £5000) - £103 (28Jy92)
TSB Group PLC 12% Subord Bds 2011 (Br £10000&100000) - £110¾ (27Jy92)
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £85¾ (28Jy92)
9½% Cnv Cap Bds 2006(Br £5000&50000) - £83¾♦ 4¾♦
Tate&Lyle IntFin PLC/Tate&Lyle PLC 5¾% T&LIntFnGtdBds 2001(Br) W/WtsT&LPLC - £75½
Taylor Woodrow PLC 11½% Nts 1993 - £99¾ (29Jy92)
Tesco PLC 10⅜% Bds 2002 (Br £Var) - £101⅝
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £117¾ 8 .19 ¾ ⅞ .69 ¾ 9 20
9% Cnv Cap Bds 2005(Br£5000&10000) - £117½ (27Jy92)
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £113
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £121 (27Jy92)
Toyota Motor Corp 8⅝% Bds 1997(Br $Var) - $103⅝ (24Jy92)
Trafalgar House PLC 10⅝% Bds 2006 - £89½ (29Jy92)
10⅜% Bds 2014 (Br£10000&100000) - £90⅝
United Kingdom 9⅛% Bds 2001(Br ECU1000,10000&100000) - EC97.7 (24Jy92)
Wellcome PLC 9⅜% Bds 2006 - £97¾
Woolwich Building Society 11% Nts 1996 - £102½ (29Jy92)
11⅝% Subord Nts 2001 - £100⅝ (28Jy92)

## Sterling Issues by Overseas Borrowers
No. of bargains included 16

Asian Development Bank 10⅝% Ln Stk 2009(Reg) - £106½ (28Jy92)
Australia(Commonwealth of) 9½% Ln Stk 2012(Reg) - £96½ (24Jy92)
Caisse Centrale De Cooperation Econ 12⅛% Gtd Ln Stk 2013(Reg) - £127⅜ (29Jy92)
Credit Foncier De France 10⅞%GtdSerLnStk2011,12,13,14(Reg) - £109½♦
Denmark(Kingdom of) 13% Ln Stk 2005 - £123 (28Jy92)
Electricite de France 12½% Gtd Ln Stk 2008(Reg) - £123
11⅞% Gtd Ser Ln Stk 2009/12(Reg) - £121½ (24Jy92)
European Investment Bank 9% Ln Stk 2001 (Reg) - £98½
9% Ln Stk 2001 (Br£5000) - £98¾ (28Jy92)
9½% Ln Stk 2009 - £101⅝ 2¾ (29Jy92)
10⅝% Ln Stk 2004(Reg) - £107⅜
11% Ln Stk 2002(Reg) - £109¾
Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £114¾
11⅝% Ln Stk 2009(Br£5000) - £115⅝ (28Jy92)
Iceland(Republic of) 14½% Ln Stk 2016 - £131½ (24Jy92)
Inco Ld 15¾% Uns Ln Stk 2008 $ Rep Opt - £131♦
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £102¾ ¾ (28Jy92)
11.5% Ln Stk 2003 - £113⅝ 4 ⅛
Malaysia 10¼% Ln Stk 2009(Reg) - £102¾‡ (27Jy92)
New Zealand 11¼% Stk 2008(Reg) - £112 (24Jy92)
11½% Stk 2014(Reg) - £116⅝ (28Jy92)
Petroleos Mexicanos 14½% Ln Stk 2006 - £112 (29Jy92)
Province de Quebec 12¾% Ln Stk 2020 - £119½
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) - £101¾

## Listed Companies(excluding Investment Trusts)
No. of bargains included 21031

AAH Hldgs PLC 4.2% Cum Prf £1 - 55 (29Jy92)
ABN-AMRO Hldgs N.V. Ord FL5 - NG45.1 .12 .2 .2 .23 .3 .4 .4
ADT Ld Com Shs $0.10 - 440 55 60
AMEC PLC 15% Uns Ln Stk 1992 - £100 (29Jy92)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £77½ (29Jy92)
9½% Cnv Cap Bds 2006 (Br £Var) - £77½ (29Jy92)
Aberdeen Trust PLC Ord 10p - 31½
A Wts to Sub for Ord - 10 10 (29Jy92)
Aberforth Smaller Companies Tst PLC Ord 25p - 120½ ½
Wts to Sub For Ord - 50
Abtrust Atlas Fund Shs of NPV(United States Portfolio) - £1.54479
Addison Consultancy Group PLC Ord 5p - 12¾
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - £3.656 $ 7
Albert Fisher Group PLC Warrants To Sub For Ord - 0¾
ADR (10:1) - $7.81 (27Jy92)
Alcan Aluminium Ld Com Shs of NPV - $C22⅛ (28Jy92)
Alexander & Alexander Services Inc Shs of Class C Com Stk $1 - £11 (28Jy92)
Alexanders Hldgs PLC 9½% Cum Prf £1 - 88
Alexon Group PLC 5% Cum Prf £1 - 50 (29Jy92)
6.25p (Net) Cnv Cum Red Prf 10p - 75
All Nippon Airways Co Ld Shs Com Stk Y50 - Y913.365384 .37
Allianz AG Hldg Shs DM50 (RFD-1/1/92) (Cpn12) - DM1836.656607 1842

...

Midland & Scottish Resources PLC Ord 10p - 10½ 1 ½
Needler Group Ld Com Shs of NPV - 60 (28Jy92)
Oliver Resources PLC Ord £0.01 - 2¼ ½
Property Trust PLC Ord 25p - 33
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 52 (29Jy92)
Simpsons of Cornhill PLC Ord 5p - 33
Total Systems PLC Ord 5p - 43 (24Jy92)
Wharfedale PLC Ord 5p - 10¼

## Rule 535(2)
No. of bargains included 19

Africa Gold PLC Ord 1p - £0.095 0.10125 0.1025 0.105
Ann Street Breweries Co Ld Ord £1 - £3.2 (29Jy92)
Arsenal Football Club PLC Ord £1 - £275 (29Jy92)
Aston Villa Football Club PLC Ord £5(1 vote) - £30 (29Jy92)
Bell & Co PLC 4% Perp 1st Mtg Deb Stk - £41 (27Jy92)
Celltech Ld Ord £1 - £2¼ 2.8 (29Jy92)
Channel Islands Comms (TV) Ld Ord 5p - £0.21 (29Jy92)
Douglas Gas Light Co Ld Ord £1 - £4.35 (27Jy92)
Exchem PLC Ord 50p - £2.2 2.2 (29Jy92)
Five Arrow Ld Ord £1(Br) - £6¾ (29Jy92)
Gander River Resources PLC Ord 5p - 5 (27Jy92)
Guernsey Gas Light Co Ld Ord 10p - £0.48 (29Jy92)
Kleinwort Benson(Int) Fund Man Int Inc Units Bond Fd - $5.492 (27Jy92)
Japanese Fund - $0.587 (27Jy92)
KB Gilt Fund - £14.047611♦
Strategic Inv Fd - $6.09 (24Jy92)
Int Equity Gwth Inc - £1.864♦
Lawrie Group PLC Ord £1 - £18 19 (27Jy92)
Le Riche's Stores Ld Ord £1 - £2¾ (27Jy92)
London Fox PLC Ord 10p - £0.2 (27Jy92)
Newbury Racecourse PLC Ord £100 - £2107 (29Jy92)
Newspaper Publishing PLC Ord 1p - £1.8 (27Jy92)
Perpetual(Jersey) Offshore UK Growth - $1.9906 (28Jy92)
Poddington PLC Ord 5p - £0.03 0.04
Rangers Football Club PLC Ord 10p - £0.7 0.8
Regent Inns PLC Ord 25p - £0.65 0.65 (24Jy92)
Select Industries PLC Ord 2½p - £0.035 (28Jy92)
New Ord 7½p(2½p Regd) - £0.02
Severn Valley Railway(Hldgs)PLC Ord £1 - £6½ (24Jy92)
Southern Newspapers PLC Ord £1 - £2.3
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.38
Weetabix Ld "A" Non.V Ord 25p - £10.95 11 11.05 (29Jy92)
Yates Bros Wine Lodges PLC Ord 25p - £0.95 (28Jy92)

### RULE 535 (4) (a)

**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Aust. Foundation Inv 78.0
Cape Range Oil A$0.33 (24.7)
City Developments S$3.932♦
Community Psychiatric Centers $11.3
Conwest Exp Class 'A' 375 (28.7)
Conwest Exp Class 'B' 375 (28.7)
Forest Laboratories $35.219♦$35.18 (28.7)
Harland (John H) Co $21.625 (29.7)
Idaho Power Co $26.02♦ (28.7)
Kulim Malaysia Ord (Malay Ord) 29.0 (29.7)
National Electronics (Consolidated) 4.0 (29.7)
Oil Search A$0.8138
Regal Hotels (Hldgs) HK$0.967 (24.7)
Singapore Land S$4.545♦
Storer Communications $K255.0 (27.7)
United Overseas Land S$1.49
Valiant Consolidated A$0.132 (28.7)
Westfield Minerals C$0.9 (24.7)

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هكذا من الأصل

# FT-SE 2,400 mark abandoned again

By Terry Byland
UK Stock Market Editor

NERVOUSNESS in the sterling foreign exchange markets, which also inspired falls in UK government bonds, took the heart out of UK equities yesterday. The FT-SE index finally lost a struggle to regain the 2,400 mark which had been abandoned early in the session.

The focus on sterling's performance came in the wake of calls for a realignment of the European exchange rate mechanism from the boardrooms of Midland Bank and ICL. City analysts continued to take a cautious view of this week's improvement in equities which appeared to be a technical bounce in an oversold equity market rather than a definitive turn for the better.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Jul 27 | Aug 10 | Aug 24 |
| Option Declarations: | | |
| Aug 6 | Aug 20 | Sep 3 |
| Last Dealings: | | |
| Aug 7 | Aug 21 | Sep 4 |
| Account Day: | | |
| Aug 17 | Sep 1 | Sep 14 |

*New time dealings may take place from 8.30 am two business days earlier.

A stock market looking desperately to the corporate sector for evidence of economic improvement reacted negatively to the half-time trading report from Lloyds Bank. *Shares in Lloyds Bank, which* have been seen as one of the most attractive in the sector, fell sharply on the disclosure that the core UK retail banking side continues to suffer.

After edging briefly higher, the market dipped sharply as sterling weakened against the D-Mark. At the day's low point, the Footsie touched 2,396.8 and although an attempt was made to rally, *helped by the pound,* this soon fizzled out as Wall Street made a dull start to the new trading session.

The final reading put the FT-SE Index at 2,399.6 for a net loss of 12 points on the session. This week, the opening leg of the two week equity trading account, has seen the London stock market recover by 22.4 points on the Footsie scale, or *just under 1 per cent.*

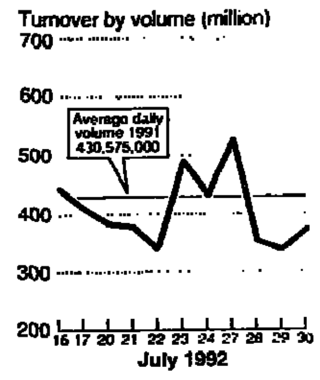
UK equities have been helped this week by improvement in both Tokyo and New York. On the domestic front, however, economic views have remained gloomy.

Mr Nicholas Knight of Nomura Research Institute, rejecting market hints that he had shifted his stance, yesterday reiterated his year-end tar*get of Footsie 2,500, with Foot*sie 2,300 the target for "becoming more interested again" in the short term. He expects the current equity rally to implode. The strategy team at Strauss Turnbull believes that the market will be doing well to stay above Footsie 2,400. However, S.G. Warburg Securities comments that the reported demise of the *equity market appears to be* somewhat exaggerated and that, for those taking a view beyond the next quarter or so, "equities are looking outstandingly cheap."

● Retail business in equities has shown welcome signs of recovery from depressed levels. However, investment uncertainty has been reflected in turnover volatility.

### London SE volume

Turnover by volume (million)




# Lloyds weak on interim

FOLLOWING the interim trading report, Lloyds Bank slipped 23 to 401p. Operating profits for the half year fell to £697m from £729m and chief executive Mr Brian Pitman said trading conditions are likely to remain tough, with little economic recovery in sight. He added that "with continuing high real interest rates and slack loan demand we shall continue our efforts to to enhance customer service, reduce costs and improve the quality of our loan portfolio." Turnover was at least double the usual daily level at 5.8m shares.

Provision for bad and doubtful debts, excluding problem countries, declined to £401m from £429m in the first half of last year, while an improvement in the outlook for problem country debt meant there was a net release of these provisions of £72m.

The bank's first half profits rose by £38m, or 11 per cent, to £369m, but retail banking profit in the UK was only £11m against £56m. Operating expenses were lower, due largely to a reduction in the number of employees, but positive factors were offset by a fall in net interest income.

## Trafalgar upset

Worries that Trafalgar *House may be in danger of* breaching some of its banking covenants persisted in the market yesterday undermining the shares in heavy turnover of 5m.

Trafalgar's interests in shipping, property, hotels, engineering and construction have borne the brunt of the recession and anxiety about the group's debt position have emerged before. The company yesterday took the unusual step of issuing a statement saying it saw "no reason" for the share price fall.

Mr Zafar Khan at Strauss Turnbull said: "We have been concerned about the company's short-term liquidity, but have been assured by the company that it has no onerous covenants and that it has £700m of unutilised committed banking facilities."

Trafalgar shares, which stood at 160p at the beginning of May, yesterday tumbled back to 45p before recovering to 51p, a net fall of 3 on the day.

Press reports that a recent warehouse fire may have pollution repercussions for Allied Colloids sent the shares down 8 to 166p. Sentiment was not improved as Hoare Govett reiterated its sell stance on the stock.

The resignation of a director at Laporte sent the shares into hasty retreat before a late rally. They closed at 521p after touching 505p, a net 10 off.

Following ICI's demerger plans, Fisons continued to attract interest on speculation that it could be in line for a takeover by one of the new ICI segments. Fisons shares rose 5 to 178p. After Thursday's huge jump, ICI retreated 8 to 1163p.

Property group MEPC jumped 10 to 236p in turnover of 6.9m – its highest volume for nearly three years – as some in the market felt that the downgrades and negative sentiment in the sector had been overdone.

Hotel group Forte was the best performer in the leisure sector as talk that new non-executive directors might be appointed soon and that they would bring substantial weight to a board long-criticised by analysts for lacking fresh blood. There were also suggestions that Forte had been legitimately buying its own stock over the last couple of days, although Forte was later said to have denied this. The shares jumped 7 to 157p in brisk turnover of 4.6m.

Forte was also reported gleeful that its Gardner Merchant subsidiary had won a substantial contract from its arch rival Compass Group. Shares in the latter slipped 2 to 409p. However, Ms Sarah Clements at Paribas, moving to a strong buy stance, said that Compass was a good defensive stock and that the shares had an upside potential of 530p in the short-term.

A proposed management reorganisation at TI Group was well received and the shares put on 4 to 308p. Conglomerate Harrison and Crosfield was subject to adverse comment and a bout of profit-taking following results on Thursday. The shares slid 7 to 127p.

News of improved holiday bookings lifted sentiment in photograph processing group London International, with both Hoare Govett and Lehman Brothers positive. The shares jumped 16 to 186p.

A series of reviews of the media sector by UK brokerage houses inspired activity in several of the leading names. Reuters, the *global* business communications network, extended its recovery from the fall of around 13 per cent since the interim trading statement, gaining 24 to 1042p. Investment optimism was encouraged by yesterday's announcement that two of Chicago's largest futures contracts will be listed for trading on Reuters' Globex system from this weekend.

Reuters shares have been obvious beneficiaries of this week's recovery on Wall Street but London buyers were in evidence yesterday following a recommendation from Hoare Govett which described the stock as "undervalued".

But publishing stocks continued to suffer from their association with the fall in advertising revenues. Reed International, with 40 per cent of revenue taken in the form of advertising, lost 10 to 483p, although it was identified by S.G. Warburg Securities as "poised for early recovery and equally resilient if it arrives at glacial speed."

Unilever was unchanged at 942p despite hopes of higher interim profits on August 7. Analysts are looking for a rise to £863-£882m from £840m previously. Hot European weather in May and early June is expected to have boosted ice cream sales, in which Unilever is the leading producer.

Shares in jewellery chain Ratners were unchanged at 9p after the company said it plans to poublish its delayed accounts "as soon as practicable." Accounts for the year-end to February 1 were due to be issued by August 1, but has notified the Stock Exchange of the delay. The group said it is at an advanced stage in finalising negotiations with its lenders to continue existing facilities.

British Gas lost 6½ at 240p, ahead of an announcement by Ofgas, the industry watchdog, that it will make a monopoly reference on the gas transportation industry. BP slipped 2 to 212p on rumours of a broker downgrading, but Shell improved 5 to 471p as its US arm turned last year's second quarter loss of $68m into a profit of $183m.

Troubled exploration group Lasmo gained a penny to 132p, *but County NatWest said the* company is not yet out of the woods, despite this week's news of a maintained interim dividend. Profits will remain under pressure, while there are two more year of rising debt and gearing, according to County.

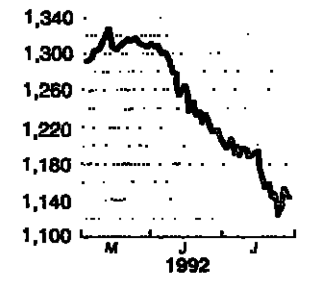
Banks had a generally weaker tone, in sympathy with Lloyds. Barclays fell 5 to 314p and National Westminster gave up 8 at 317p, but HSBC gained 3½ to 339p in positive reaction to this week's interim figures from its Midland Bank subsidiary.

There was little relief for holiday park operator Euro Disney, amid gloom over poor attendance figures and losses. The shares rounded off a bad week in the market shedding a further 33 to 875p.

**MARKET REPORTERS:**
Colin Millham,
*Christopher Price,*
Terry Byland.

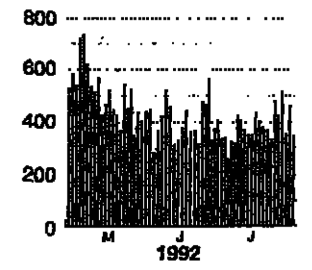
■ Other market statistics, Page 9

### FT-A All-Share Index




### Equity Shares Traded

Turnover by volume (million)
*Excluding: Intra-market business & Overseas turnover*




## NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (8).
BREWERS & DISTILLERS (1) Holt (J), BUSINESS SERVICES (1) Boustead, CHEMICALS (1) Engelhard, INSURANCE LIFE (3) Lincoln Natl., Torchmark, Transatlantic, METAL & METAL FORMING (1) Morris Ashby, PROPERTY (1) Ebonbrook.
NEW LOWS (125).
BRITISH FUNDS (3) Ex. 13½pc '92, Tr. 10pc 2003 B, Tr. 4⅛pc B. '30, AMERICANS (1) Cadiz Land, CANADIANS (2) Gulf Can., TVX Gold, BANKS (3) Banco Bilbao Vizcaya, Banco de Santander, Deutsche, BREWERS & DISTILLERS (2) Grand Met., Highland, BUILDING MATERIALS (8) BMSS, Blockleys, Marshalls, Russell (A), Sharpe & Fisher, Spring Ram, Starmin, Tarmac, BUSINESS SERVICES (2) African Lakes, BNB, CHEMICALS (5) Allied Colloids, Ellis & Everard, Laporte, Leigh Intls., Montedison, CONGLOMERATES (3) Grampian, Trafalgar Hse., Do A, CONTRACTING & CONSTRUCTION (5) Galliford, Persimmon, Prowting, Taylor Woodrow, Torex Hire, ELECTRICALS (1) Philips, ELECTRICITY (1) Bedford (Wm), ELECTRONICS (4) ACT, Molynx, Process Systems, Vitech, ENGINEERING GENERAL (6) Atlas Conv. Equip., Babcock, Bridport-Gundry, Bullough, Haden MacLellan, Hopkinsons, FOOD MANUFACTURING (1) Tate & Lyle 7¼pc Pf, FOOD RETAILING (2) Brake Bros., Watson & Philip, HEALTH & HOUSEHOLD (4) Crown Eyeglass, Haemocell, ML Labs., Medeva, HOTELS & LEISURE (3) Euro Disney, European Leis., First Leis., INSURANCE BROKERS (1) JIB, INSURANCE COMPOSITE (2) Allianz, Trade Indemnity, INVESTMENT TRUSTS (22) Archimedes Cap., City & Comm. Cap., Derby Tst. Inc., Do Cap., Fidelity Japan OTC, Foreign & Col. Smllr Co's, Gartmore Value, Geared Income Inv., JF Asia Select Wts., JF Fledg. Japan, JF Japan OTC, Keystone, Kleinwort O'seas., Latin Amer. Extra Yld., Murray Intl. B, Pacific Assets Wts., River & Merc. Amer. Wts., River & Merc. Extra Inc., Singapore SESDAQ, Sth. America Wts., USDC, Vesturi Cap. Index, MEDIA (7) Capital Radio, HTV, Metro Radio, More O'Ferrall, Nova, Pearson, Trilion, METAL & METAL FORMING (1) ASW, MISCELLANEOUS (4) Erskine Hse., Portmeirion Pots., Ricardo, Shanks & McEwan, MOTORS (2) ABI, Kwik-Fit, OIL & GAS (2) Blackland, Hardy, OTHER FINANCIAL (1) Lightship, OTHER INDUSTRIAL MATERIALS (3) Norcros, CMR, Tex. PACKAGING, PAPER & PRINTING (3) Enso-Gutzeit, Hunterprint, Wace, PROPERTY (15) Chesterfield, Frogmore Ests., Grainger, Green Prop., Greycoat, Gt. Portland, Hammerson, Land Sec., MEPC, Mucklow (A.J), Olives, Scot. Metrop., Town Centre, Warner Est., Wates City of Lon., STORES (1) Ratners 6¾pc Pf, TEXTILES (4) Pepe, Utd. Uniform Servs., Sherwood, West Trust, MINES (1) Randfontein Ests.

## RISES AND FALLS YESTERDAY

| | On Friday | | | On the week | | |
|---|---|---|---|---|---|---|
| | Rises | Falls | Same | Rises | Falls | Same |
| British Funds | 0 | 75 | 1 | 16 | 282 | 102 |
| Other Fixed Interest | 1 | 9 | 5 | 2 | 40 | 33 |
| Commercial, Industrial | 174 | 364 | 900 | 1,009 | 1,617 | 4,568 |
| Financial & Property | 123 | 146 | 519 | 572 | 793 | 2,595 |
| Oil & Gas | 14 | 17 | 55 | 67 | 76 | 287 |
| Plantations | 0 | 0 | 9 | 0 | 0 | 45 |
| Mines | 21 | 32 | 96 | 142 | 177 | 426 |
| Others | 45 | 50 | 37 | 232 | 189 | 271 |
| Totals | 378 | 693 | 1,622 | 2,040 | 3,174 | 8,327 |

## FINANCIAL TIMES STOCK INDICES

| | July 31 | July 30 | July 29 | July 28 | July 27 | Year Ago | 1992 High | 1992 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 88.31 | 88.68 | 89.00 | 89.12 | 89.17 | 85.33 | 89.75 (3/7) | 85.11 (1/4) | 127.40 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 105.14 | 105.40 | 105.77 | 105.83 | 105.84 | 93.89 | 106.35 (6/7) | 97.15 (2/1) | 106.35 (6/7/92) | 50.53 (3/1/75) |
| Ordinary Share ● | 1803.8 | 1805.9 | 1815.1 | 1785.6 | 1767.0 | 2014.6 | 2149.7 (22/5) | 1767.0 (27/7) | 2149.7 (22/5/92) | 49.4 (26/6/40) |
| Gold Mines | 90.9 | 91.0 | 93.0 | 91.5 | 90.5 | 180.7 | 160.6 (10/1) | 83.6 (8/7) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2399.6 | 2411.6 | 2423.2 | 2373.4 | 2348.0 | 2601.7 | 2737.8 (11/5) | 2348.0 (27/7) | 2737.8 (11/5/92) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1101.07 | 1106.13 | 1112.56 | 1090.65 | 1087.01 | 1178.49 | 1248.79 (11/5) | 1087.01 (27/7) | 1248.79 (11/5/92) | 938.62 (16/1/91) |
| ●Ord Div Yield | 5.12 | 5.11 | 5.11 | 5.19 | 5.25 | 4.70 | | | | |
| ●Earning Yld %(full) | 7.27 | 7.26 | 7.37 | 7.51 | 7.60 | 8.09 | | | | |
| ●P/E Ratio(Net)(†) | 17.38 | 17.41 | 17.07 | 16.76 | 16.57 | 15.27 | | | | |
| SEAQ Bargns 5.00pm | 16,601 | 18,583 | 20,284 | 18,008 | 18,958 | 27,356 | | | | |
| Equity Turnover(£m)† | - | 891.7 | 1297.7 | 817.0 | 1273.1 | 911.6 | | | | |
| Equity Bargains† | - | 20,406 | 21,767 | 20,373 | 21,333 | 27,836 | | | | |
| Shares Traded (ml)† | - | 351.3 | 473.2 | 355.4 | 525.6 | 412.2 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928 Ordinary 1/7/35 Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90... Nil 16.14

Ordinary Share Index, Hourly changes — Day's High 1809.4 — Day's Low 1799.0

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1809.4 | 1804.8 | 1802.2 | 1801.3 | 1801.3 | 1801.9 | 1804.5 | 1805.8 | 1804.5 |

FT-SE 100, Hourly changes — Day's High 2411.8 — Day's Low 2396.8

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2411.6 | 2405.7 | 2399.5 | 2397.5 | 2399.3 | 2400.0 | 2403.7 | 2403.6 | 2397.9 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1104.52 — Day's Low 1098.57

| Open | 10 30 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1100.58 | 1100.44 | 1099.70 | 1099.76 | 1101.27 | 1102.65 | 1102.66 |

## GILT EDGED ACTIVITY

| Indices* | July 30 | July 29 |
|---|---|---|
| Gilt Edged Bargains | 82.0 | 81.4 |
| 5 – Day average | 84.7 | 95.5 |

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ADT | 13 | 450 | |
| ASDA Group | 6,500 | 26 | |
| Abbey National | 2,300 | 258½ | -8½ |
| Albert Fisher | 3,000 | 38 | -1 |
| Allied Lyons | 546 | 615 | |
| Amstrad | 4,400 | 25½ | +1 |
| Anglian Water | 1,600 | 383 | 5 |
| Argos | 1,500 | 219 | 8 |
| Argyll Group | 1,700 | 343 | 1 |
| Arjo Wiggins | 312 | 212 | -2 |
| Ass. Brit. Foods | 802 | 397 | +2 |
| Ass. Brit. Ports | 195 | 780 | 2 |
| BAA | 412 | 618 | 7 |
| BAT Inds | 1,300 | 743 | -6 |
| BET | 1,000 | 110 | +1 |
| BICC | 1,100 | 365 | -3 |
| BOC | 1,000 | 597 | -9 |
| BP | 13,000 | 212½ | -1½ |
| BPB Inds | 1,000 | 158 | -1 |
| BT | 4,000 | 339 | -6 |
| BT New | 2,300 | 238 | -5 |
| BTR | 1,800 | 415 | -1 |
| Bank of Scotland | 1,600 | 105 | 1 |
| Barclays | 2,800 | 314 | -5 |
| Bass | 1,700 | 533 | 5 |
| Beresford Int | 118 | 13½ | |
| Blue Circle | 757 | 186 | -2 |
| Booker | 223 | 387 | |
| Boots | 417 | 431 | 6 |
| Bowater | 233 | 723 | 3 |
| Brit Aerospace | 2,400 | 208 | +3 |
| British Airways | 593 | 254 | -2 |
| British Gas | 13,000 | 240 | -6½ |
| British Land | 932 | 171 | +6 |
| British Steel | 5,400 | 57 | -1 |
| Bunzl | 271 | 82 | -1 |
| Burmah Castrol | 438 | 536 | -6 |
| Burton | 428 | 36½ | +½ |
| Cable & Wire | 1,600 | 541 | +4 |
| Cadbury Schweppes | 1,100 | 475 | +6 |
| Calor Group | 207 | 177 | -2 |
| Carlton Comms | 786 | 564 | +1 |
| Coats Viyella | 358 | 172 | -5 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Comm Union | 362 | 429 | +6 |
| Cookson | 1,100 | 144 | |
| Courtaulds | 381 | 462 | +1 |
| Dalgety | 658 | 398 | |
| De La Rue | 50 | 583 | +4 |
| Dixons | 565 | 208 | -5 |
| Eastern Elect | 204 | 267 | -4 |
| East Midland Elect | 1,000 | 276 | -1 |
| Eng China Clays | 181 | 469 | +2 |
| Enterprise Oil | 397 | 322 | -1 |
| Eurotunnel Units | 269 | 316 | -5 |
| FKI | 1,200 | 72 | -1 |
| Fisons | 5,800 | 178 | +5 |
| Forte | 4,600 | 157 | +7 |
| Gen Accident | 640 | 371 | +6 |
| General Elect | 2,400 | 221 | -3 |
| Glaxo | 1,800 | 720 | -2 |
| Glynwed Intl | 301 | 194 | -3 |
| Granada | 268 | 247 | +1 |
| Grand Met | 3,300 | 410 | -5 |
| GUS A | 216 | 1438 | -12 |
| GRE | 1,300 | 121 | |
| GKN | 563 | 389 | +2 |
| Guinness | 2,700 | 535 | +3 |
| HSBC (75p shs) | 11,000 | 338½ | +3 |
| Hammerson A | 627 | 218 | +3 |
| Hanson | 4,300 | 204 | |
| Hanson Warrants | 58 | 22 | +½ |
| Harrisons Crosfield | 1,500 | 127 | -7 |
| Hillsdown | 1,300 | 128 | |
| IMI | 1,300 | 229 | -3 |
| ICI | 2,500 | 1163 | -8 |
| Inchcape | 784 | 415 | -5 |
| Kingfisher | 973 | 443 | +1 |
| Kwik Save | 206 | 644 | -1 |
| Ladbroke | 910 | 177 | -3 |
| Land Securities | 525 | 376 | +3 |
| Laporte | 285 | 521 | -10 |
| Legal & General | 881 | 338 | -2 |
| Lloyds Abbey | 671 | 338 | -6 |
| Lloyds Bank | 5,800 | 401 | -23 |
| LASMO | 4,100 | 133 | |
| London Elect | 222 | 280 | -5 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Lonrho | 1,000 | 80 | |
| Lucas | 1,700 | 105 | -2 |
| MB Caradon | 581 | 244 | -1 |
| MEPC | 6,900 | 236 | +10 |
| Manweb | 302 | 334 | -7 |
| Marks & Spencer | 1,600 | 308½ | -2½ |
| Midlands Elect | 715 | 298 | -5 |
| NFC | 622 | 239 | |
| NatWest Bank | 4,300 | 318 | -7 |
| National Power | 1,400 | 238 | -1 |
| Next | 525 | 90 | |
| North West Water | 462 | 402 | -10 |
| Northern Elect | 123 | 313 | -4 |
| Northern Foods | 570 | 546 | -2 |
| Norweb | 87 | 323 | -9 |
| Pearson | 304 | 326 | -7 |
| P & O | 859 | 328 | |
| Pilkington | 177 | 95 | -1 |
| PowerGen | 1,000 | 251 | |
| Prudential | 7,300 | 239 | -2 |
| RHM | 417 | 181 | -3 |
| RMC | 112 | 493 | +4 |
| RTZ | 895 | 571 | +3 |
| Racal | 2,200 | 64 | -½ |
| Rank Org | 272 | 575 | -4 |
| Reckitt & Colman | 112 | 589 | -4 |
| Redland | 449 | 463 | +5 |
| Reed Intl. | 788 | 481 | -12 |
| Rentokil | 589 | 158 | -2 |
| Reuters | 545 | 1035 | +17 |
| Rolls Royce | 3,000 | 131½ | -1½ |
| Rothmans | 101 | 1058 | +8 |
| Ryl Bk Scotland | 554 | 175 | -1 |
| Royal Insurance | 239 | 194 | +1 |
| Saatchi | 271 | 130 | |
| Sainsbury | 1,100 | 456 | +½ |
| Scottish & New | 486 | 434 | -1 |
| Scot. Hydro-Elect. | 3,600 | 203½ | -1 |
| Scottish Power | 3,800 | 183 | -1 |
| Sears | 1,700 | 75 | |
| Sedgwick | 220 | 168 | +1½ |
| Seeboard | 67 | 300 | -5 |
| Severn Trent Water | 1,000 | 378 | -3 |

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Shell Transport | 3,400 | 471 | +5 |
| Siebe | 212 | 636 | +1 |
| Slough Ests | 187 | 116 | +2 |
| Smith (W.H.) A | 597 | 384 | -4 |
| Smith & Nephew | 2,000 | 136½ | -1 |
| SmKl Beecham | 1,700 | 470 | -1 |
| SmKl Beecham Uts. | 467 | 420 | -5 |
| Smiths Inds. | 373 | 265 | |
| Southern Elect. | 467 | 283 | -2 |
| South Wales Elect. | 177 | 335 | -3 |
| South West Water | 216 | 390 | -3 |
| South West. Elect | 33 | 285 | -5 |
| Southern Water | 563 | 381 | -4 |
| Standard Chartd | 245 | 443 | -1 |
| Storehouse | 31 | 127 | -1 |
| Sun Alliance | 898 | 251 | +1 |
| T&N | 580 | 138 | -1 |
| TI Group | 2,500 | 309 | +5 |
| TSB | 6,500 | 141 | |
| Tarmac | 2,000 | 84 | +1 |
| Tate & Lyle | 1,000 | 395 | +8 |
| Taylor Woodrow | 1,300 | 53 | -4 |
| Tesco | 1,600 | 245 | -1 |
| Thames Water | 1,000 | 402 | -3 |
| Thorn EMI | 322 | 753 | -2 |
| Tomkins | 827 | 450 | -3 |
| Trafalgar House | 4,900 | 51 | -3 |
| Unigate | 400 | 273 | |
| Unilever | 489 | 942 | |
| United Biscuits | 923 | 326 | +1 |
| Utd. Newspapers | 8 | 388 | -3 |
| Vodafone | 1,800 | 311 | -2 |
| Warburg (SG) | 321 | 453 | +1 |
| Wellcome | 951 | 802 | -4 |
| Welsh Water | 239 | 429 | -12 |
| Wessex Water | 211 | 491 | -12 |
| Whitbread 'A' | 1,900 | 421 | -4 |
| Williams Hldgs. | 954 | 280 | -1 |
| Willis Corroon | 1,400 | 214 | -1 |
| Wimpey | 40 | 165 | |
| Wolseley | 115 | 322 | +6 |
| Yorkshire Elect. | 253 | 339 | -1 |
| Yorkshire Water | 200 | 418 | -10 |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

IT WAS a listless trading session in the derivatives markets yesterday, with traders taking their cue from the foreign exchange sector rather than from any links with underlying equity prices.

The September contract on the FT-SE Index struggled to *hold on to its opening level of* around 2,419 and, after briefly touching 2,425, went into a slow retreat. Local traders were largely out of the market and the Footsie futures contract moved on sentiment. The dip in sterling, although recovered before the close, heightened tensions over the outlook for interest rates in the wake of comments this week from the president of the Bundes*bank.*

September closed at 2,414, 11 points down on the previous session and at a 4-point premium to its estimated fair value of 12. After the official close, the September contract came in for support, however, and later quotations of around 2,420 raised hopes for a firmer opening on Monday.

In traded options, where total volume increased from 20,783 to 23,143, the FT-SE option saw 8,689 deals against just under 6,000 on Thursday. BAe topped the actives list.

## FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday July 31 1992

| | | |
|---|---|---|
| Water | + | 21.50 |
| Food Retailing | + | 13.08 |
| Electronics | + | 10.43 |
| Motors | + | 7.76 |
| Electricity | + | 7.47 |
| Banks | + | 7.13 |
| Other Industrial Materials | + | 6.93 |
| Textiles | – | 7.20 |
| Media | + | 1.60 |
| Other Groups | + | 0.46 |
| Packaging, Paper & Printing | + | 0.18 |
| Brewers & Distillers | + | 0.16 |
| Stores | | N/C |
| Capital Goods | - | 0.78 |
| Engineering-General | - | 0.85 |
| Telephone Networks | - | 1.67 |
| Industrial Group | - | 1.82 |
| Merchant Banks | - | 3.26 |
| 500 Share Index | - | 3.50 |
| Consumer Group | - | 3.61 |
| All-Share Index | - | 3.81 |
| Insurance (Life) | - | 4.01 |
| Food Manufacturing | - | 4.73 |
| Chemicals | - | 4.83 |
| Electricals | - | 4.98 |
| Financial Group | - | 5.31 |
| Transport | - | 5.84 |
| Conglomerates | - | 6.28 |
| Metals & Metal Forming | - | 6.81 |
| Investment Trusts | - | 7.10 |
| Hotels & Leisure | - | 7.64 |
| Engineering-Aerospace | - | 9.12 |
| Business Services | - | 10.00 |
| Building Materials | - | 11.29 |
| Health & Household | - | 13.76 |
| Insurance (Composite) | - | 15.49 |
| Oil & Gas | - | 15.99 |
| Insurance Brokers | - | 21.49 |
| Contracting, Construction | - | 26.48 |
| Property | - | 30.94 |
| Gold Mines Index | - | 34.08 |

## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 10.000 | 10/02 | 111.4499 | +0.140 | 8.31 | 8.54 | 8.84 |
| BELGIUM | | 9.000 | 06/01 | 99.1500 | -0.800 | 9.14 | 8.96 | 8.87 |
| CANADA * | | 8.500 | 04/02 | 107.3500 | +0.300 | 7.42 | 7.62 | 8.17 |
| DENMARK | | 9.000 | 11/00 | 96.7000 | -0.620 | 9.58 | 9.29 | 9.05 |
| FRANCE | BTAN | 8.500 | 03/97 | 95.9380 | -0.241 | 9.00 | 9.39 | 9.01 |
| | OAT | 8.500 | 11/02 | 95.3300 | -0.060 | 9.19 | 9.04 | 8.78 |
| GERMANY | | 8.000 | 01/02 | 98.5500 | -0.430 | 8.21 | 8.07 | 8.01 |
| ITALY | | 12.000 | 05/02 | 91.1750 | +0.105 | 14.12† | 13.95 | 13.34 |
| JAPAN | No 119 | 4.800 | 06/99 | 98.5757 | -0.202 | 5.00 | 5.13 | 5.44 |
| | No 129 | 6.400 | 03/00 | 108.0028 | -0.036 | 4.95 | 5.01 | 5.23 |
| NETHERLANDS | | 8.250 | 02/02 | 98.5300 | -0.290 | 8.46 | 8.37 | 8.30 |
| SPAIN | | 11.300 | 01/02 | 93.1000 | -0.550 | 12.55 | 12.59 | 11.76 |
| UK GILTS | | 10.000 | 11/96 | 101-10 | -16/32 | 9.60 | 9.33 | 9.18 |
| | | 9.750 | 03/02 | 102-28 | -22/32 | 9.31 | 9.08 | 9.10 |
| | | 9.000 | 10/08 | 99-15 | -17/32 | 9.06 | 8.89 | 8.90 |
| US TREASURY * | | 7.500 | 05/02 | 105-22 | -06/32 | 6.70 | 6.74 | 7.09 |
| | | 8.000 | 11/21 | 106-14 | -01/32 | 7.45 | 7.57 | 7.75 |
| ECU (French Govt) | | 8.500 | 03/02 | 92.9300 | -0.380 | 9.65 | 9.48 | 8.92 |

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

## COMMODITIES

WEEK IN THE MARKETS

# Strike nerves push platinum higher

NERVOUSNESS ahead of next week's national strike in South Africa pushed platinum prices up sharply at the end of the week. South Africa accounts for about two thirds of the total platinum supplies.

An earlier downtrend had *been encouraged by Tuesday's* announcement that a pay settlement had been reached between management and unions at Impala Platinum, South Africa's second biggest producer. But that slide was reversed on Thursday, when the price rose $3.75 to $376.25 a troy ounce, and yesterday a further $9 was added, taking the price to $385.25 at the afternoon fix, up $4.90 on the week.

The two-day South African strike that is scheduled to begin on Monday had already been discounted at the price ruling before the rise of the last two days, but the market nevertheless became increasingly edgy as it drew nearer. "Nobody wanted to go into the weekend short... and the early buying caused a panicky *scramble to get covered,"* one dealer explained yesterday. He said there was concern that situation in South Africa might get out of control once the strike was under way.

The gold price moved up with platinum yesterday, rising $1.35 to $357.95 an ounce, up 50 cents on the week.

At the London Metal Exchange nickel prices came under increasing pressure as stocks in exchange warehouses surged by 6,924 tonnes to an all-time high of 34,560 tonnes. That compared with 11,922 tonnes at the start of the year and 6,420 tonnes 12 months ago and beat the previous record of 32,664 tonnes set in March 1984. A decisive breach of support at around $7,500 a tonne for three months metal prompted further selling yesterday and by the close the price was $7,417.50 a tonne, down $75 on the day and $205 on the week.

| LME WAREHOUSE STOCKS (As at Thursday's close) tonnes | | |
|---|---|---|
| Aluminium | -3,575 | to 1,321,225 |
| Copper | -2,200 | to 261,350 |
| Lead | +625 | to 148,800 |
| Nickel | +4,650 | to 34,560 |
| Zinc | +2,375 | to 341,475 |
| Tin | +380 | to 14,950 |

The uptrend in LME lead stocks also continued this week, the total rising another 1,600 tonnes to 148,800 tonnes. But that bearish factor was easily outweighed by Thursday's news that workers had gone on strike at Doe Run's Herculaneum smelter in the US, which has an annual capacity of 225,000 short tons (2,000 lb). The cash price rose immediately by £17 to £352.50 a tonne, but was trimmed yesterday to £349.25, up £7.25 on the week, as the company said the smelter might restart on Monday, run by salaried staff.

The announcement of a modest fall in LME aluminium stocks helped prices to steady a little yesterday following a run of chart-inspired losses earlier in the week. The cash price closed at $1,316.50 a tonne, up $6 on the day but $21 down on the week.

Some traders said that the flood of Russian aluminium that had driven the exchange stockpile to unprecedented levels over the past 18 months had slowed to a trickle as production difficulties got the better of the country's hard-pressed producers. Shortages of cash, alumina (aluminium oxide) and spare parts, combined with transport difficulties suggested that Russian claims that exports were being maintained at 75 per cent of last year's level (estimated at 1m tonnes) would not stand close examination, they said.

Despite concern about Polish copper workers' plans to intensify their strike action against the KGHM combine copper prices declined for most of the week. A fall in LME stocks aided a £6.50 rally yesterday, however, and the cash price closed at £1,315.50 a tonne, £25 down on the week.

When three months delivery tin breached the $7,000-a-tonne level on Monday traders suggested that with chart patterns looking bearish a further slide was on the cards. And they were not disappointed. Despite recovering $30 yesterday the price ended the week $207.50 down on balance at $6,835 a tonne.

The coffee market got little inspiration from talks going on in London this week on a new price-stabilising international coffee agreement and the September futures price ended $8 down on balance at $745 a tonne.

"If you look at what has happened over the past week, then we haven't achieved much. The prevailing feeling is one of frustration," producer spokesman Mr Valdemar Carneiro Leao of Brazil told the Reuter news agency yesterday. The producers' disappointment stems from what they regard as the inflexibility of certain consumers on the issue of controls. In particular they are concerned that leading consumers such as the US are prepared to accept coffee without proper documentation. Producers feel consumers should be more committed to controlling imports at their end.

**Richard Mooney**

# FT MANAGED FUNDS SERVICE

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## AUTHORISED UNIT TRUSTS

### Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DG 0244 680066

| | Init Charge | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|
| M & S Inv P'folio | 5¾ | 105 3 | 109 6xd 112 9 | -0 3 | 3 26 |
| Do Accum | 5¾ | 115 8 | 116 2xd 124 2 | -0 3 | 3 26 |
| UK Sel P'folio | 5¾ | 85 7 | 86 46xd 92.46 | -0 5 | 4 86 |
| Do Accum | 5¾ | 94 25 | 95 0xd 101.6 | -0 6 | 4.86 |

### Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Managed Tst | 5 | 52.76 | 53 03 | 56 41 | | 5.22 |

### Martin Currie Unit Trusts Ltd (0905)H
Saltire Crt, 20 Castle Terrace, Edinburgh 031 479 4646

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Far East (Pacific)Δ | 5¼ | 87.15 | 88.57 | 94 02 | +1 83 | 0.92 |
| Income & Growth | 5¼ | 57 06 | 57 87 | 61 43 | +0.31 | 4.80 |
| European (z) | 5¼ | 54 83 | 54 83 | 58 20 | +0 08 | 1 12 |
| Nth American (z) | 5¼ | 39 74 | 40.00 | 42.46 | +0.47 | 0.75 |
| Intl Growth(z)-1) | 5¼ | 64 23 | 65.28 | 69.29 | -0 19 | 0.90 |
| UK Growth | 5¼ | 56 88 | 57.85 | 61 41 | -0.47 | 1.83 |
| Intl Income | 5¼ | 49 36 | 49 88 | 52.95 | -0.22 | 5 60 |
| Charities | 5¼ | 84 96 | 86 12 | 91.42 | -0.72 | 5.70 |
| Japan | 5¼ | 26 74 | 26.96 | 28.61 | +0.72 | 0.20 |
| Emerging Markets | 6 | 52.73 | 53 93 | 57 67 | -0 22 | 0.61 |

For Matheson see Cannon UT

For Mayflower Mngmt see Sheppards UT Mngmt

### Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS 071-280 2060

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American | 5 | 126 7 | 126 7 | 134 8 | — | 0 00 |
| (Accum Units) | 5 | 135 4 | 135 4 | 144 1 | — | 0.00 |
| American Opps | 5 | 50 88 | 51.42 | 54.85 | +0 89 | 0 00 |
| (Accum Units) | 5 | 51 58 | 52.12 | 55 60 | +0.91 | 0 00 |
| British Blue Chip | 5 | 59 60 | 59 66 | 63 64 | -0 12 | 4 19 |
| (Accum Units) | 5 | 68 17 | 68.24 | 72.79 | -0.37 | 4 19 |
| Cash * | 0 | 100.3 | 100 3xd | 100 3 | — | 9.80 |
| (Accum Units) * | 0 | 123 7 | 123 7xd | 123 7 | — | 9 80 |
| European Growth | 5 | 152.9 | 152 9xd | 161.8 | -0.30 | 0.56 |
| (Accum Units) | 5 | 163 9 | 163 9xd | 173.4 | -0.30 | 0.56 |
| European Income | 5 | 59 66 | 59 66xd | 63.18 | -0.03 | 3 71 |
| (Accum Units) | 5 | 74 52 | 74 52xd | 78.91 | -0 03 | 3.71 |
| General | 5 | 366 1 | 367 6 | 392.2 | -1 40 | 3.09 |
| (Accum Units) | 5 | 680.3 | 683 4 | 729 0 | -2.60 | 3 09 |
| Global Bond | 5 | 105.2 | 105 2 | 110.5 | -0.20 | 6.69 |
| (Accum Units) | 5 | 112 1 | 112 1 | 117.8 | -0.30 | 6.69 |

### National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| NPI American Acc ♥ | 5½ | 72.73 | 73.04 | 78.12 | -0 08 | 0 16 |
| NPI American Dist ♥ | 5½ | 67.31 | 67.60xd | 72.30 | -0 08 | 0.16 |
| NPI European Acc | 5¼ | 66.19 | 66 82 | 71.47 | +0.21 | 0 21 |
| NPI European Dist | 5¼ | 64.23 | 64.85 | 69 36 | +0.21 | 0 21 |
| NPI Far East Acc ♥ | 5½ | 89 34 | 90 17 | 96.44 | +1 01 | 0.01 |
| NPI Far East Dist ♥ | 5½ | 87.9 | 88.7 | 94 9 | +0.70 | 0.01 |
| NPI Global Dist | 5¼ | 49 86 | 50.20 | 53 69 | -0 11 | 2.58 |
| NPI O'seas Acc | 5¼ | 815 3 | 819 5 | 876.5 | +2.00 | 0.69 |
| NPI O'seas Dist | 5¼ | 631.1 | 634.3 | 678.4 | +1.50 | 0.69 |
| NPI UK Acc | 5¼ | 467.8 | 470.8 | 503 5 | -2.90 | 3 39 |
| NPI UK Dis | 5¼ | 250.1 | 251.7 | 269.2 | -1.50 | 3.39 |
| NPI Extra Inc Dist | 5¼ | 51.16 | 51.58 | 55.17 | -0.14 | 4.91 |
| NPI UK Spec Opp Acc | 5¼ | 52.77 | 53.45 | 57.17 | -0.23 | 2.59 |
| NPI W'wide Acc | 5¼ | 68.19 | 70.82 | 75.74 | +0.90 | 0.00 |
| NPI W'wide Dist | 5¼ | 65.34 | 67 85 | 72.57 | +0.87 | 0.00 |
| NPI W'wide Inc Dist | 5¼ | 46.45 | 47.55 | 50.86 | +0.20 | 2.68 |

For National & Provincial UT Mngrs see N&P UT Mngmt

### Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 9RA 071-407 4404

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Newton Income | 6 | 152.35 | 155.71xd | 165 65 | -0.51 | 5.49 |
| Newton Global | 6 | 193.49 | 193.49 | 205 85 | +0.17 | 2.31 |
| Newton General | 6 | 122.35 | 125.02 | 135.00 | -0.25 | 0.72 |
| Newton Intl Bd | 6 | 96.65 | 98.05 | 104.31 | -0.93 | 7 47 |

### Norwich Union Tst Managers (1200)H
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Master Trust | 6 | 83.68 | 83.68 | 89.01 | -0.14 | 3.98 |
| UK Equity† | 6 | 101.63 | 103 16 | 109 74 | -0.70 | 4.56 |
| UK Equity Income | 6 | 96.99 | 98.76 | 105.06 | -0.86 | 6.07 |
| UK Smaller Co's | 6 | 85.02 | 88 29xd | 93 93 | -0.35 | 3 17 |
| UK Equity Growth | 6 | 95.09 | 96.65 | 102.82 | -0.68 | 5.23 |
| UK Index Tracking F | 6 | 101.44 | 102 07 | 108.59 | -0.45 | 4.86 |
| Intl Index Tracking F | 6 | 89.11 | 89.85 | 95 59 | +0.65 | 1.58 |
| International | 6 | 144 80 | 146.33 | 155.67 | +0.28 | 2.32 |
| European | 6 | 117 81 | 118.69 | 126 27 | -0.36 | 1.41 |
| Pan European | 6 | 88 77 | 89 82 | 95.55 | -0.37 | 3.44 |
| Nth American | 6 | 116.35 | 117.45 | 124 95 | -0.10 | 2.17 |
| Nth Amer Smllr Cos | 6 | 101.33 | 103.14xd | 109.72 | +0.14 | 0.00 |
| Japanese | 6 | 48.12 | 48.83xd | 51.95 | +0.99 | 0 00 |
| Pacific | 6 | 116.86 | 118.57xd | 126.14 | +0 90 | 1.34 |
| South East Asian | 6 | 120.22 | 122.12 | 129.91 | +0.45 | 1.25 |
| International Bond | 6 | 101.80 | 101 91xd | 108.42 | -0.34 | 6.39 |
| Gilt & Convertible | 6 | 98.19 | 98.43xd | 104.71 | -0.23 | 8.04 |
| Property F | 6 | 67 04 | 68.94xd | 73 34 | -0.58 | 7.01 |
| Cash Deposit Accum F | 0 | 102.08 | 102.08 | 102.08 | +0.02 | 9.36 |

### Royal Life Fd Mgmt Ltd (1000)F
PO Box 34, Peterborough PE2 0UE. Prices 0733 282828
General Enq: 0733 390000 Dealing: 0733 393000

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| United States | 5 | 41.59 | 41.95 | 44.38 | +0 29 | 0.17 |
| Pacific Basin | 5 | 39.17 | 39.17 | 41.79 | +0.54 | 0.00 |
| Equity Growth Acc | 5 | 212.3 | 215 7xd | 230.7 | -1.60 | 2.60 |
| High Inc Accum | 5 | 137.6 | 137.6 | 147.1 | -1.20 | 5.19 |
| High Inc Dist | 5 | 92.17 | 92.17 | 98 57 | -0.75 | 5.19 |
| Ryl Life Int Cntry | 5¼ | 49.73 | 49 73 | 52.86 | -0.05 | 5.02 |
| Ryl Life Intl Grth | 5¼ | 40.26 | 40.26xd | 42.98 | +0.30 | 0.082 |
| Ryl Life Intl Spec | 5¼ | 35 13 | 35 13 | 37.36 | +0.04 | 0.00 |
| UK Emerging Cos | 5¼ | 79.52 | 81.15 | 87.72 | -0.84 | 2.16 |
| UK Index Tracking ♦ | 5¼ | 118.9 | 118.9 | 126.8 | +1.30 | 4.70 |
| European | 6 | 71.00 | 71.00 | 76.47 | -0 17 | 0.15 |
| Managed | 6¼ | 89 61 | 90.85 | 97.69 | -0.75 | 0.822 |

### Royal London Unit Tst Mgrs Ltd (2200)F
Royal Ldn Hse, Colchester CO1 1RA 0206 764400

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Growth | 5¼ | 98 32 | 98.32xd | 104 2 | +0.60 | 0.87 |
| European Growth | 5¼ | 69.76 | 69 76 | 73.75 | -0.14 | 1.33 |
| Far East Growth | 5¼ | 58 45 | 58.96xd | 62.73 | +1.61 | 1.17 |
| Japan Growth | 5¼ | 74.59 | 74.59 | 79.13 | -0.99 | 0.00 |
| Special Sits | 5¼ | 125.0 | 125.0 | 132.9 | -0.58 | 3.26 |
| UK Growth | 5¼ | 53.23 | 53.23xd | 56 64 | -0.19 | 3.31 |
| Trifon General | 5¼ | 139.7 | 141.0 | 150.0 | +0.30 | 2 16 |

### St James's Place UT Group Ltd (1200)F
150 St Vincent St, Glasgow G2 5NS 041-307 6500

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Far East Inc | 5 | 90.46 | 91.80 | 97 14 | +0.70 | 0.49 |
| Far East Acc | 5 | 90.46 | 91.80 | 97.14 | +0 70 | 0 49 |
| Growth Inc | 5 | 67.80 | 67.80 | 71.75 | +0.20 | 1.72 |
| Growth Acc | 5 | 68.49 | 68 49 | 72.48 | +0.20 | 1.72 |
| Nth Am & Intl Inc | 5 | 194.1 | 194.1 | 205 4 | -0.30 | 2.33 |
| Nth Am & Intl Acc | 5 | 213.6 | 213.6 | 247.2 | -0.40 | 2.33 |
| PEP Progressive Inc | 5 | 134.0 | 135.7 | 143.6 | -0.90 | 2.61 |
| PEP Progressive Acc | 5 | 145.7 | 147.5 | 156.1 | -1.00 | 2.61 |
| UK High Income Inc | 5 | 87.53 | 89.14 | 94.33 | -0.60 | 6.30 |
| UK High Income Acc | 5 | 89 09 | 90.72 | 96.00 | -0.60 | 6.30 |

### Sanwa Intl Invest Services Ltd (0830)F
Bucklersbury Hse, 11 Walbrook EC4N 8EL 071-220 7220

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Sanwa American Grth | 5½ | 41.82 | 42.01 | 44 69 | +0.06 | 1.00 |
| Sanwa Amer Smllr Cos | 5½ | 42 40 | 43 00 | 45.74 | -0.30 | 0.00 |
| Sanwa Asian Grth | 5½ | 50.55 | 51.39 | 54.67 | -0.20 | 1.25 |
| Sanwa European Grth | 5½ | 46.60 | 47 13 | 50.14 | -0.05 | 1.50 |
| Sanwa Global Bd | 5½ | 49.30 | 49.30 | 52.07 | -0.09 | 6.00 |

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§.

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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## INSURANCES

## OTHER UK UNIT TRUSTS

[illegible]

### Henderson Administration(z)

3 Finsbury Ave London EC2 M2PA 071-638 5757

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity | 298 3 | 317 4 | -0 3 | - |
| Fixed Interest | 64 9 | 69 1 | | - |
| N America | 242 4 | 257 9 | +2 5 | - |
| Far East | 320 6 | 341 3 | +3 7 | - |
| Global Managed | 307 4 | 327 1 | +0 5 | - |
| Deposit | 209 6 | 220 7 | | - |
| Prime Re | 132 6 | 139 6 | | - |
| European | 180 7 | 192 3 | +0 4 | - |
| **Pension Funds** | | | | |
| UK Equity | 322 6 | 343 2 | +0 7 | - |
| Fixed Interest | 232 2 | 247 1 | -0 1 | - |
| Special Sit. | 241 6 | 257 1 | +1 7 | - |
| N American | 156 0 | 166 0 | +2 5 | - |
| Far East | 250 3 | 266 3 | +2 6 | - |
| Managed | 277 8 | 295 7 | +1 2 | - |
| Deposit | 255 5 | 269 0 | | - |
| European Pension Fund | 208 5 | 221 9 | +0 2 | - |

### Hill Samuel Life Assur. Ltd

NLA Tower Addiscombe Rd Croydon 081-686 4355

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Security Fund | 358 1 | 379 0 | -1 6 | - |
| British Fund | 382 0 | 404 3 | -2 0 | - |
| International Fund | 350 3 | 370 7 | +0 2 | - |
| Dollar Fund | 253 2 | 268 0 | +1 2 | - |
| Capital Fund | 333 8 | 353 3 | -0 8 | - |
| Income Fund | 473 4 | 501 0 | -2 9 | - |
| Property Series A | 386 5 | 409 0 | +3 7 | - |
| Property Series S | 624 3 | 655 6 | +6 1 | - |
| Financial Fund | 339 9 | 359 7 | -1 6 | - |
| Managed Series A | 398 1 | 421 3 | -0 9 | - |
| Managed Series C | 235 1 | 248 8 | -0 5 | - |
| Managed Series S | 708 8 | 746 2 | -1 2 | - |
| High Yield Fund | 432 9 | 458 0 | -1 7 | - |
| Money Series A | 261 3 | 276 6 | | - |
| Money Units | 343 1 | 361 2 | +0 1 | - |
| Equity Fund | 435 8 | 461 2 | -1 3 | - |
| Fixed Intl Fund | 305 4 | 323 2 | -0 2 | - |
| Indexed Sec Fd | 144 9 | 153 4 | -1 0 | - |
| European Fund | 506 3 | 535 8 | +1 0 | - |
| Natural Resces Fd | 195 8 | 207 2 | | - |
| Far East Fund | 337 1 | 356 8 | +0 1 | - |
| Smaller Cos | 312 6 | 330 8 | -0 7 | - |
| Spec Sits Fund | 314 9 | 333 3 | -1 7 | - |
| Manged Cncy Fund | 225 6 | 238 8 | -0.1 | - |
| Japan Tech | 152 6 | 161 5 | | - |
| Global Bond Fund | 142 5 | 150 8 | -0 5 | - |
| US Smaller Co's | 141 8 | 150 1 | +0 2 | - |
| **Pension Fund Prices** | | | | |
| Property Acc | 595 6 | 627 0 | +1 1 | - |
| Property Ser A | 291 5 | 306 9 | +0 5 | - |
| Property Ser B | 187 7 | 197 6 | -1 6 | - |
| Managed Acc | 976 0 | 1027 4 | -2 1 | - |
| Managed Cap | 563 2 | 592 9 | -2 1 | - |
| Managed Ser A | 243 9 | 256 8 | -0 4 | - |
| Managed Ser B | 115 1 | 121 2 | -0 4 | - |
| Managed Ser C | 185 3 | 195 1 | -0 6 | - |
| Guaranteed Acc | 497 0 | 523 2 | +0 9 | - |

[illegible]

### Life Association of Scotland

113 Dundas St, Edinburgh EH3 5EB 031-550 5000

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| *LAS Investment Assurance* | | | | |
| Managed Fund | 253.0 | 266 4 | -0 6 | - |
| UK Equity | 425.8 | 448 3 | -2.5 | - |
| Property | 292.5 | 307 9 | | - |
| Money Market | 231.3 | 243 5 | -1.2 | - |
| Fixed Interest | 270 2 | 284.5 | -1.2 | - |
| Japan | 214 7 | 226 0 | +1 4 | - |
| North America | 117 8 | 124 0 | | - |
| International | 195 3 | 205.6 | +0.2 | - |
| European | 187 1 | 197 0 | | - |
| Far East | 74 7 | 78 7 | +0.8 | - |
| **Pension Funds** | | | | |
| Managed | 174 4 | 183 6 | +0.6 | - |
| International | 144 4 | 152.0 | +0.2 | - |
| Property | 218 5 | 230 0 | +0 1 | - |
| Money Market | 226.1 | 238 0 | +0 1 | - |
| Fixed Interest | 228 2 | 240 3 | -0 9 | - |
| UK Equity | 288 8 | 304 0 | -1.9 | - |
| North America | 118 6 | 124 9 | | - |
| Japan | 116 2 | 122.4 | +2.1 | - |
| European | 208.3 | 219 3 | | - |
| Far East | 62.1 | 65 4 | +0 7 | - |

### Lifetime Assurance Co Ltd

Bank Hse, St John's Rd, Harrow HA1 2EE 081-861 5999

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| *Managed Security* | 115 4 | 121 6 | | - |
| Managed Growth | 122 7 | 129 2 | .. | - |
| Managed Opportunity | 107 9 | 113 6 | | - |
| Property | 117 2 | 123 4 | | - |
| Fixed Interest | 125 8 | 132.5 | | - |
| Cash | 117 5 | 123 7 | | - |
| UK Equity | 102 4 | 107.8 | | - |
| Intl Equity | 119 4 | 125 7 | | - |
| **Pension Funds** | | | | |
| Managed Security | 118 7 | 125 0 | | - |
| Managed Growth | 117 0 | 123 2 | | - |
| Managed Opportunity | 102.9 | 108 4 | | - |
| Property | 121 1 | 127.5 | | - |
| Fixed Interest | 135 1 | 142 3 | | - |
| Cash | 120 9 | 127 3 | | - |
| UK Equity | 112 0 | 117 9 | | - |
| Intl Equity | 112.9 | 118 9 | | - |

### London Indemnity & Gnl. Ins. Co Ltd

18-20 The Forbury Reading 583511

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Money Mgmt Jul 15 | 164.7 | 176.4 | | - |
| MM Flexible Jul 6 | 134 4 | 144 6 | | - |

### London Life

100 Temple St, Bristol BS1 6EA 0272-279179

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Equity | | 665 7 | | - |
| Fixed Interest | | 335 1 | | - |
| Property | | 361 0 | | - |
| Deposit | | 265 3 | | - |
| Mixed | | 437 1 | | - |
| Index Stock | | 170 6 | | - |
| International | | 191 2 | | - |
| Equity (A) | | 155 0 | | - |
| Fixed Interest (A) | | 149 2 | | - |
| Property (A) | | 159 3 | | - |
| Deposit (A) | | 156 5 | | - |
| Mixed (A) | | 144 2 | | - |

[illegible]

### NEL Britannia Assce Co Ltd—Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Specialist Funds** | | | | |
| Barings Convertibles | 103 1 | 108.5 | -0 1 | - |
| Barings Eastern | 113 4 | 119 4 | +1 1 | - |
| Barings Equity Income | 90 8 | 95 6 | +0 1 | - |
| Barings European Growth | 106.3 | 111.9 | +0.2 | - |
| Barings German Growth | 99 4 | 104 6 | | - |
| Barings Japan Growth | 74.4 | 78.3 | +1.2 | - |
| Barings UK Smllr Cos | 97 1 | 102 2 | -0 2 | - |
| Fidelity 1992 Euro Opps | 99 1 | 104.3 | +0 4 | - |
| Fidelity American | 111 1 | 116 9 | +1.3 | - |
| Fidelity Amer Sp Sits | 117 8 | 124 0 | +1 4 | - |
| Fidelity Asian | 113 3 | 119 3 | +1 7 | - |
| Fidelity European | 90 4 | 95.2 | +0 1 | - |
| Fidelity Euro Inc. | 99 5 | 104 7 | +0.2 | - |
| Fidelity Famous Names | 106 6 | 112.2 | ---- | - |
| Fidelity Gilt & Fxd Inc. | 112.5 | 118.4 | ..... | - |
| Fidelity Global Conv | 103 7 | 109 2 | +0 3 | - |
| Fidelity Growth & Inc | 99 2 | 104 4 | -0 1 | - |
| Fidelity Income Plus | 88 1 | 92 7 | -0 1 | - |
| Fidelity Intl Bond | 101 5 | 106 8 | +0 3 | - |
| Fidelity Japan | 71 0 | 74.7 | +1 2 | - |
| Fidelity Japan Sm Cos | 67 0 | 70 5 | +0 6 | - |
| Fidelity Japan Sp Sits | 69 8 | 73.5 | +0 9 | - |
| Fidelity Recovery | 97 0 | 102 1 | -0 4 | - |
| Fidelity S.E. Asia | 119 3 | 125 6 | +0 8 | - |
| Fidelity Special Sits | 91 7 | 96.5 | -0.1 | - |
| Gartmore Am Emer Gwth | 117 1 | 123 3 | +3 6 | - |
| Gartmore British Growth | 109 1 | 114 8 | +0 4 | - |
| Gartmore European | 106.0 | 111 6 | (z) | - |
| Gartmore Euro Sel Opps | 89 3 | 94 0 | +0.1 | - |
| Gartmore Frontier Mkts | 107 0 | 112 6 | +0 9 | - |
| Gartmore Hong Kong | 160 0 | 168 4 | +0 6 | - |
| Gart Int Fxd Int. | 102.4 | 107.8 | +0 4 | - |
| Gartmore Japan | 71.5 | 75.3 | +0.8 | - |
| Gartmore Pacific Gwth | 121.3 | 127 7 | +1 3 | - |
| Gartmore Practical Inv. | 106 0 | 111.6 | (z) | - |
| Henderson Australian | 99.2 | 104 4 | +1.6 | - |
| Henderson Best of British | 98.2 | 103 4 | +0.4 | - |
| Henderson European | 95.3 | 100 3 | +0.2 | - |
| Henderson Euro Sm Cos | 96.1 | 101 2 | (z) | - |
| Henderson Extra Income | 99.6 | 104 8 | (z) | - |
| Henderson Global Inc & Gth | 98.1 | 103.3 | +0 2 | - |
| Henderson High Income | 87.1 | 91 7 | +0.1 | - |
| Henderson Inc & Growth | 96.7 | 101 8 | +0.4 | - |
| Henderson Japan | 66 1 | 69 6 | +0 9 | - |
| Henderson North Amer | 112.1 | 118 0 | +1 7 | - |
| Henderson Pac Sm Cos | 87 1 | 91 7 | +0.5 | - |
| Henderson Spec Sits | 100 4 | 105 7 | | - |
| Henderson Sand of the East | 93 0 | 97.9 | +1.3 | - |
| INVESCO Euro Perf | 101 5 | 106 8 | +0 9 | - |
| INVESCO Euro Sm Cos | 94 4 | 99.4 | +0 2 | - |
| INVESCO French Gwth | 120 8 | 127 2 | +0.2 | - |
| INVESCO Gilt | 102 1 | 107 5 | -0 2 | - |
| INVESCO Gt Br Cos | 108 6 | 114.3 | +0 7 | - |
| INVESCO Brit Inc & Gth | 97 8 | 102.9 | +0.5 | - |
| INVESCO Japan Perf | 60 6 | 63 8 | +0.9 | - |
| INVESCO Jap Sm Cos | 73.5 | 77 4 | +0.5 | - |
| INVESCO S'pore ASEAN | 104 6 | 110 1 | +1 7 | - |
| INVESCO SE Asia Gth | 122.9 | 129 4 | +1.0 | - |
| INVESCO UK Gwth | 108 3 | 114 0 | +0 6 | - |
| INVESCO Nippon Wrrt | 18 5 | 19.5 | +0 5 | - |
| Perpetual American Gwth | 125.4 | 132.0 | +0.8 | - |
| Perpetual Asian Sm Mkts | 124 3 | 130 8 | +1.0 | - |
| Perpetual European Gwth | 93 0 | 97.9 | | - |
| Perpetual Far East Gwth | 103 9 | 109 4 | +2.3 | - |
| Perpetual High Income | 108.5 | 114.2 | -0.2 | - |

[illegible]

Continued on next page

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

**Pearl Assurance (Unit Funds) Ltd**
Lynch Wood, Peterborough PE2 6FY 0733 470470

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Property Dist (Gross) | 135.6 | 142.7 | | - |
| Property Acc (Gross) | 258.4 | 272.0 | +0.1 | - |
| Equity (Gross) | 821.9 | 868.1 | -3.1 | - |
| Managed (Gross) | 585.2 | 616.0 | -1.0 | - |
| Property Acc (Net) | 123.5 | 130.0 | | - |
| Equity (Net) | 191.8 | 201.9 | | - |
| Adventurous Managed | 89.0 | 93.7 | -0.7 | - |
| Managed (Net) | 180.7 | 190.2 | +0.5 | - |
| Cautious Managed | 96.2 | 101.3 | -0.3 | - |
| International (Net) | 153.7 | 161.8 | | - |
| Gilt & Fixed Interest | 141.3 | 148.8 | +0.7 | - |
| Money Fund | 140.6 | 148.0 | -0.8 | - |
| Mixed Fund (Cap) | 111.8 | 117.9 | | - |
| Mixed Fund (Acc) | 116.3 | 122.5 | | - |
| Pearl Assurance (Unit Linked Pens) Ltd | | | | |
| Ret Man (Series 1) | 632.8 | 666.2 | -2.1 | - |
| Ret Man (Series 2) | 214.7 | 226.0 | -0.7 | - |
| Ret Cash | 198.7 | 209.2 | +0.1 | - |
| Pens Mixed Fd (Cap) | 123.5 | 130.0 | | - |
| Pens Mixed Fd (Acc) | 128.5 | 135.3 | | - |
| Pens Stlg Fd (Cap) | 104.0 | 109.5 | | - |
| Pens Stlg Fd (Acc) | 108.2 | 113.9 | | - |

For Pioneer Mutual see Swiss Pioneer

**Premium Life Assurance Co Ltd**
37-39, Perrymount Road, Haywards Heath 0444 458721

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| American | 127.0 | 134.0 | -1.0 | - |
| Building Soc. Fd | 224.0 | 236.0 | | - |
| Balanced | 255.0 | 269.0 | | - |
| European | 202.0 | 213.0 | | - |
| GT Managed | 178.0 | 188.0 | | - |
| Gartmore Mngd | 116.0 | 123.0 | -1.0 | - |
| German | 126.0 | 133.0 | -2.0 | - |
| Gilt | 168.0 | 177.0 | | - |
| Global | 37.0 | 39.0 | | - |
| International Equity | 185.0 | 195.0 | -1.0 | - |
| Japan | 139.0 | 147.0 | +2.0 | - |
| Leisure | 48.0 | 51.0 | | - |
| Managed | 41.0 | 44.0 | | - |
| Property | 295.0 | 311.0 | +1.0 | - |
| UK Equity | 238.0 | 251.0 | | - |
| Pension Funds | | | | |
| American | 244.0 | 257.0 | | - |

**Provident Mutual Life Assc. Assn. – Contd.**
Pension Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Ord. | 441.4 | 464.6 | -2.1 | - |
| Managed Init. | 321.2 | 338.1 | -1.5 | - |
| Equity Ord. | 669.0 | 704.2 | -4.4 | - |
| Equity Init. | 486.8 | 512.4 | -3.3 | - |
| Pen Ind Lkd Gilt Ord. | 185.4 | 195.2 | -0.9 | - |
| Pen Ind Lkd Gilt Init. | 140.9 | 148.3 | -0.8 | - |
| Overseas Equity Ord | 281.6 | 296.4 | -0.2 | - |
| Overseas Equity Init. | 204.9 | 215.7 | -0.2 | - |
| Property Ord. | 280.5 | 295.3 | -0.9 | - |
| Property Init. | 204.1 | 214.8 | -0.8 | - |
| Fixed Interest Ord | 291.7 | 307.1 | -0.9 | - |
| Fixed Interest Init. | 212.2 | 223.4 | -0.7 | - |
| Deposit Ord. | 270.8 | 285.1 | +0.2 | - |
| Deposit Init. | 197.0 | 207.4 | | - |

**Prudential Assurance Co**
Holborn Bars, London EC1N 2NH 071-405 9222
Profund

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Jul 29 | 244.1 | 254.3 | | - |

**Prudential Corporate Pension Funds**
1 Stephen St, London W1P 2AP 071-548 3281
Prudential Managed Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Discretionary Jul 29 | £175.27 | 180.88 | -3.17 | - |
| Equity Jul 29 | £200.40 | 207.26 | -4.05 | - |
| International Jul 29 | £24.65 | 25.32 | -0.61 | - |
| Intl Bond Jul 29 | £14.11 | 14.32 | -0.12 | - |
| Fixed Int Jul 29 | £106.31 | 107.52 | +0.15 | - |
| Index Linked Jul 29 | £76.03 | 76.99 | -0.13 | - |
| Property Jul 29 | £109.92 | 115.98 | +0.15 | - |
| Cash Jul 29 | £31.0442 | 31.0442 | | - |
| Pru-Linked Retirement Plan | | | | |
| Managed Jul 29 | 418.5 | 436.0 | | - |
| Cash Jul 29 | 285.1 | 297.0 | | - |
| Prudential Pensions Investment Account | | | | |
| Pens Mngd Aug 3 | 169.7 | 182.4 | -0.4 | - |
| Pens UK Eq Aug 3 | 297.2 | 320.4 | -1.7 | - |
| Pens Intl Aug 3 | 183.3 | 196.5 | +1.5 | - |
| Pens Global Eqty Aug 3 | 93.7 | 98.7 | -0.2 | - |
| Pens Fixed Aug 3 | 239.9 | 253.2 | -0.8 | - |
| Pens Index Lk Aug 3 | 192.4 | 203.1 | -1.4 | - |
| Pens Property Aug 3 | 89.8 | 94.6 | +0.1 | - |
| Pens Cash Aug 3 | 186.0 | 195.9 | | - |

**Scottish Amicable**
150 St Vincent St, Glasgow 041-248 2323
Life Funds (First Series)

| | Bid Price | Offer Price |
|---|---|---|
| Managed | 318.0 | 334.8 |
| Equity | 403.2 | 424.5 |
| Property | 226.0 | 237.9 |
| International | 285.3 | 300.4 |
| Japanese | 69.4 | 73.1 |
| Asia Pacific | 99.7 | 105.0 |
| European | 92.8 | 97.7 |
| American | 99.6 | 104.8 |
| Fixed Interest | 296.1 | 311.7 |
| Index-Linked Gilt | 156.5 | 164.8 |
| Cash | 210.5 | 221.6 |
| Life Funds (Second Series) | | |
| Managed | 88.1 | 92.8 |
| Equity | 86.3 | 90.9 |
| Property | 94.5 | 99.5 |
| International | 87.8 | 92.5 |
| Japanese | 69.2 | 72.9 |
| Asia Pacific | 97.4 | 102.6 |
| European | 91.6 | 96.5 |
| American | 96.9 | 102.0 |
| Fixed Interest | 110.9 | 116.7 |
| Index-Linked Gilt | 99.6 | 104.9 |
| Cash | 104.0 | 109.5 |
| Pension Funds | | |
| Building Society | 163.6 | 172.3 |
| Managed (Init) | 183.9 | 193.6 |
| Managed (Acc) | 345.7 | 363.9 |
| Equity (Init) | 211.1 | 222.3 |
| Equity (Acc) | 397.1 | 418.1 |
| Property (Init) | 149.9 | 157.8 |
| Property (Acc) | 280.3 | 295.1 |
| International (Init) | 163.5 | 172.1 |
| International (Acc) | 307.4 | 323.6 |
| Fixed Interest (Init) | 198.8 | 209.3 |
| Fixed Interest (Acc) | 373.8 | 393.5 |
| Cash (Init) | 153.2 | 161.3 |
| Cash (Acc) | 288.2 | 303.4 |

**Scottish Equitable Life Assce. Soc.**
28 St Andrew Sq, Edinburgh

| | Bid Price | Offer Price |
|---|---|---|
| Mixed | 179.4 | 188.8 |
| UK Equity | 180.4 | 189.9 |

**Royal Life Intl. Ltd – Contd.**

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Royal Life Far East Fd | £0.765 | 0.823 | -0.05 | - |
| Ryl Life Intl Groth Fd | £0.773 | 0.832 | -0.024 | - |
| Royal Life Intl Prop | $1.894 | 2.037 | -0.032 | - |
| Analysis APM O/S Fd. | £1.348 | 1.450 | -0.043 | - |
| Analysis Bal Inv Port | £1.029 | - | -0.026 | - |
| AS & Co Offshore Bal F | £0.927 | 0.997 | +0.184 | - |
| Lacomp Intl. Fd. | £1.431 | 1.476 | -0.038 | - |
| Young & Co Int Port | $1.005 | 1.081 | -0.028 | - |
| YRA Growth Fd | £1.007 | 1.083 | -0.011 | - |
| YRA $ Growth Fd | $0.887 | 0.954 | -0.035 | - |
| YRA Special Opps. | £0.814 | 0.876 | -0.036 | - |
| S.A.M. 1 | $1.502 | 1.582 | +0.02 | - |
| S.A.M. 2 | $1.393 | 1.467 | +0.002 | - |
| S.A.M. 3 | £1.465 | 1.543 | -0.01 | - |

**Fidelity Money Funds – Contd.**

| | Init Chge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Lira Accum | | L- | 16.197 | | | 16.0 |
| Lira Dist | | L- | 16.197 | | | 16.0 |
| NZ$ Accum | | NZ$- | 31.106 | | | 5.00 |
| NZ$ Dist | | NZ$- | 31.106 | | | 5.00 |
| SPta Accum | | Pta- | 1902.5 | | +0.6 | 11.9 |
| SPta Dist | | Pta- | 1902.5 | | +0.6 | 11.9 |
| £ Accum | | £- | 10.646 | | | 9.20 |
| £ Dist | | £- | 10.646 | | | 9.20 |
| SFr Accum | | SFr- | 26.257 | | | 7.80 |
| SFr Dist | | SFr- | 26.257 | | | 7.80 |
| US$ Accum | | $- | 20.428 | | | 2.50 |
| US$ Dist | | $- | 20.428 | | | 2.50 |
| Yen Accum | | Y- | 2572.7 | | +0.3 | 3.40 |
| Yen Dist | | Y- | 2572.7 | | +0.3 | 3.40 |

Prices for dealing July 31

**Sarasin Funds Mngmt (Guernsey) Ltd**
PO Box 246, St Peter Port, Guernsey 0481 723021

| | Init Chge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Eurosar £ (120-1) | 5 | £- | 20.42 | 21.80 | | - |
| (Accum Units) (120-1) | 5 | £- | 20.55 | 21.93 | | - |
| Eurosar SFr (120-1) | 5 | SFr- | 51.68 | 55.16 | | - |
| (Accum Units) (120-1) | 5 | SFr- | 52.00 | 55.50 | | - |
| GlobalSar-Fongest £ | 5 | £- | 13.66 | 14.52 | | - |
| (Accum Units) | 5 | £- | 14.20 | 15.09 | | - |
| GlobalSar-Fongest US$ | 5 | $- | 26.23 | 27.87 | | - |
| (Accum Units) | 5 | $- | 27.28 | 28.99 | | - |
| GlobalSar-Fongest SFr | 5 | SFr- | 34.56 | 36.72 | | - |
| (Accum Units) | 5 | SFr- | 35.94 | 38.18 | | - |

**Schroder Investment Mngmt (Guernsey) Ltd**
PO Box 255, St Peter Port, Guernsey 0481 710651

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)

## ISLE OF MAN (SIB RECOGNISED)

## OFFSHORE AND OVERSEAS

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Gartmore Fund Managers (IoM)

Leopold Joseph Fund Mngrs (IoM) Ltd

Mercury Fund Managers IoM Ltd

Sun Life Management (IoM) Ltd

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

Equitilink International Mngt Ltd

Fidelity Investment (CI) Ltd

Fleming Group

Foreign & Colonial Mngt (Jersey) Ltd

## LUXEMBOURG (SIB RECOGNISED)

Commercial Union Luxembourg SA – Contd.

Midland Internatnl Circuit Fund SICAV(u)

## LUXEMBOURG (REGULATED)(**)

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

Asian Convertibles & Income Fd (Cayman)

Austro-Hungary Fund Ltd

BEA Associates

Julius Baer Bank & Trust Co Ltd

Global Asset Management – Contd.

Orbis Investment Management Ltd

Orbitex Bahamas Ltd

ORIENT Growth Fd

PFC Internatl Portfolio Fd Mngt Ltd

MANAGED FUNDS NOTES

# WORLD STOCK MARKETS

## US MARKETS (3:00 pm)

| July 31 | US$. | + or – |
|---|---|---|
| AAR Corp | 12½xd | .... |
| AMP Inc | 54⅞xd | +½ |
| AMR Corp | 66⅝ | –½ |
| ASA | 40¼ | +⅜ |
| Abbott Labs | 30½ | +¼ |
| Acme Cleveland | 6⅞ | .... |
| Advanced Micro | 8⅝ | .... |
| Aetna Life | 43¼xd | –1⅛ |
| Affiliated Publ | 11⅞ | –⅛ |
| Aflac | 33 | –⅛ |
| Ahmanson (HF) | 17⅛ | .... |
| Air Prod & Chemical | 42⅞ | +⅜ |
| Alberto-Culver B | 24⅞xd | +⅞ |
| Albertson's | 43 | –⅛ |
| Alcan Aluminium | 19⅝ | +⅜ |
| Alco Standard | 38½ | –⅜ |
| Alexander & Alex | 24⅝ | .... |
| Alex & Baldwin | 22½xd | +⅛ |
| Allegheny Power | 47⅛ | +⅛ |
| Allied Signal | 55½ | –½ |
| Aluminum Co of Am | 73⅜ | –⅜ |
| Amax | 20⅝ | .... |
| Amdahl Corp | 13⅝ | –⅜ |
| Amerada Hess | 48⅞ | +1¼ |
| Amer Brands | 47⅛ | –½ |
| Amer Cyanamid | 61⅞ | +¼ |
| Amer El Power | 35⅛ | +⅝ |
| Amer Express | 23 | –⅛ |
| Amer Genl Corp | 48⅞xd | +⅛ |
| Amer Greetings Cl A | 44½ | +¼ |
| Amer Home Pr | 75⅝ | –¼ |
| Amer International | 96⅜ | +⅜ |
| Amer Natl Ins | 41¼ | .... |
| Amer Stores | 37¼ | +⅜ |
| Amer T & T | 44 | .... |

| July 31 | US$ | + or – |
|---|---|---|
| Coors (Adolph) | 19½ | .... |
| Corestates Finl | 51¼ | –¼ |
| Corning Inc | 36½ | –¼ |
| Crane | 24½ | –⅛ |
| Cray Research | 24⅝ | +⅝ |
| Crown Cork & Seal | 33⅝ | –¼ |
| Cummins Engine | 71¼ | +1⅝ |
| Curtiss-Wright | 28¼ | .... |
| Cypress Semicond | 9¼ | .... |
| Cyprus Minerals | 30⅜ | –¼ |
| DSC Commun | 6⅛ | –⅛ |
| DQE | 31 | +¼ |
| Dana Corp | 41 | +⅜ |
| Data General | 9⅞ | .... |
| Dayton Hudson | 66 | +1 |
| Deere | 42⅛ | –¼ |
| Delmarva Pwr & L | 23⅜ | .... |
| Delta Air Lines | 55⅝xd | –⅝ |
| Deluxe Corp | 43⅞ | –⅜ |
| Detroit Edison | 33⅛ | +⅛ |
| Dial Corp Del | 37⅜ | –¼ |
| Diebold Inc | 54⅞ | –⅛ |
| Digital Comms | 19 | +⅛ |
| Digital Equipment | 39½ | –½ |
| Dillard Dept St | 37¾ | +⅝ |
| Disney (Walt) | 36⅛ | –¼ |
| Dole Food Inc | 29 | –⅛ |
| Dominion Res | 40⅝ | +¼ |
| Donelley (RR)&Sons | 57½ | +½ |
| Dover Corp | 42⅛ | +½ |
| Dow Chemicals | 58 | +⅜ |
| Dow Jones | 34⅛xd | +¼ |
| Dravo Corp | 7⅜ | –⅛ |
| Dresser | 21⅝ | –⅛ |
| Dreyfus Corp | 37⅜xd | +1 |
| Duke Power | 36⅛ | –⅛ |
| Dun&Bradstreet | 58½ | +⅜ |

| | | |
|---|---|---|
| Conagra | 27½xd | –⅛ |
| Cons Edison | 31⅞ | +½ |
| Cons Freightways | 13¼ | +⅛ |
| Cons Nat Gas | 46⅝ | –⅛ |
| Cons Paper | 40⅜ | .... |
| Cons Rail | 88¼ | –1 |
| Contl Bank Corp | 17⅜ | –⅛ |
| Contl Corp | 33⅛ | –⅜ |
| Cooper Inds | 48½ | +⅛ |
| James River Va | 21⅝ | .... |
| Jefferson Pilot | 40½ | –⅝ |
| Johnson Controls | 41 | .... |
| Johnson & Johnson | 49¼ | –⅜ |
| K Mart | 24⅜ | .... |
| Kellogg | 64⅝ | +⅝ |
| Kennametal | 30¼ | .... |

# INDICES

## NEW YORK

| DOW JONES | Jul 30 | Jul 29 | Jul 28 | Jul 27 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 3391.89 | 3379.19 | 3334.07 | 3282.20 | 3413.21 (1/6) | 3172.41 (2/1) | 3413.21 (1/6/92) | 41.22 (2/7/32) |
| Home Bonds | 102.13 | 101.93 | 101.85 | 101.65 | 102.13 (30/7) | 98.41 (20/3) | 102.13 (30/7/92) | 54.99 (1/10/81) |
| Transport | 1328.75 | 1309.97 | 1295.03 | 1276.83 | 1467.68 (20/2) | 1269.74 (23/7) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 224.59 | 223.46 | 222.08 | 219.20 | 225.59 (3/1) | 200.74 (8/4) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 3409.18 (3339.72) Low 3359.74 (345.15)

## STANDARD AND POOR'S

| | Jul 30 | Jul 29 | Jul 28 | Jul 27 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 423.92 | 422.23 | 417.52 | 411.54 | 423.92 (30/7) | 394.50 (8/4) | 423.92 (30/7/92) | 4.40 (1/6/32) |
| Industrials | 497.80 | 495.70 | 489.89 | 482.89 | 499.27 (15/1) | 470.91 (8/4) | 499.27 (15/1/92) | 3.62 (21/6/32) |
| Financial | 36.63 | 36.48 | 36.16 | 35.48 | 36.65 (10/7) | 32.40 (8/4) | 36.65 (10/7/92) | 8.64 (1/10/74) |
| NYSE Composite | 232.89 | 231.95 | 229.54 | 226.50 | 232.89 (30/7) | 217.92 (8/4) | 232.89 (30/7/92) | 4.46 (25/4/42) |
| Amex Mkt. Value | 387.10 | 385.94 | 384.55 | 382.06 | 418.99 (12/2) | 374.04 (26/6) | 418.99 (12/2/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 578.80 | 577.49 | 571.63 | 564.73 | 644.92 (12/2) | 547.84 (26/6) | 644.92 (12/2/92) | 54.87 (31/10/72) |

| | Jul 24 | Jul 17 | Jul 10 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.17 | 3.13 | 3.13 | 3.10 |

| | Jul 29 | Jul 22 | Jul 15 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.59 | 2.68 | 2.64 | 2.77 |
| S & P Indl. P/E ratio | 29.31 | 28.50 | 28.95 | 19.02 |

## NEW YORK ACTIVE STOCKS

| Thursday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| RJR Nabisco | 3,221,800 | 8⅛ | ... |
| Equimark | 2,816,900 | 6⅝ | + 1⅛ |
| Telefonos | 2,385,100 | 47⅜ | + ⅛ |
| Zenith | 2,279,000 | 7⅛ | - ⅛ |
| Travelers | 1,989,600 | 22⅞ | ... |
| Coca Cola | 1,671,800 | 41½ | - ⅛ |
| Cons Store | 1,637,000 | 11½ | - ½ |
| Pepsico | 1,623,900 | 37 | - ½ |
| Bristol Myers | 1,570,400 | 69½ | + ½ |
| Gen Motors | 1,431,300 | 41½ | - ⅛ |

## TRADING ACTIVITY

| † Volume (Millions) | Jul 30 | Jul 29 | Jul 28 |
|---|---|---|---|
| New York SE | 190.308 | 275.760 | 217.950 |
| Amex | 11.044 | 14.869 | 11.472 |
| NASDAQ | 168.750 | 210.939 | 173.312 |
| NYSE | | | |
| Issues Traded | 2,327 | 2,321 | 2,319 |
| Rises | 1,023 | 1,343 | 1,386 |
| Falls | 711 | 524 | 443 |
| Unchanged | 593 | 454 | 490 |
| New Highs | 114 | 218 | 199 |
| New Lows | 17 | 27 | 25 |

## CANADA

| TORONTO | Jul 30 | Jul 29 | Jul 28 | Jul 27 | 1992 HIGH | 1992 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3069.92 | 3081.65 | 3053.43 | 3070.65 | 3238.87 (16/1) | 2828.26 (8/4) |
| Composite | 3425.60 | 3424.60 | 3411.50 | 3396.46 | 3666.00 (16/1) | 3318.10 (8/4) |
| MONTREAL Portfolio | 1801.30 | 1803.04 | 1796.84 | 1791.45 | 1937.59 (16/1) | 1727.04 (8/4) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

## WORLD STOCK MARKETS

AMERICA

# Dow cautiously approaches record high

### Wall Street

WALL Street headed toward record levels as the market built on the gains made this week, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was up 7.57 at 3,399.46 after briefly breaking above 3,400 at 12.45 pm. The Dow reached a record high of 3,413.21 on June 1.

The overall tone of the market, however, was mixed with advancing issues leading those declining by a slim margin. NYSE volume was fairly light, with just over 100m shares changing hands at 1 pm.

The market's restrained advances were reflected in other indices. The Standard & Poor's 500 was 0.28 higher at 424.20 while the Nasdaq composite was up 0.51 at 579.31.

Among the economic news of the day was the release of stronger-than-expected new factory orders for June, which rose 2.3 per cent. Orders for durable goods were revised up to 2.7 per cent from an earlier reported gain of 2.3 per cent. In addition, personal consumption expenditures rose 0.5 per cent in the month, while personal income was flat.

Equities were largely unmoved by the data, but second quarter results continued to have an impact on individual stock movements.

McDonnell Douglas tumbled $3¾ to $36⅝ following the release of second quarter net income of $1-a-share against $2.01 in the same period of 1991.

Shares in Aetna, one of the largest US composite insurers, tumbled $1½ to $43⅞ in active trading on the back of a loss of 46 cents a share on continuing operations compared with net income form continued operations of $1.13 a share the previous year.

Among other big insurers, Travelers held steady at $22⅝, Equitable slid $⅛ to $9¼ and Cigna eased $⅛ to $54⅞.

Fleet Mortgage, a unit of Fleet Financial, was the most active issue of the morning. The stock traded at $23⅞. An 8.3m initial public offer was made at $23-a-share.

Other active big board issues included RJR Nabisco Holdings, unchanged at $8⅞, Bristol-Myers Squibb, down $⅝ at $69¾ and Baker Hughes, off $¼ at $22⅝.

Paramount Communications fell $2⅝ to $45. The US entertainment group said it was expanding into the theme park business through the acquisition of King's Entertainment in a deal valued at about $400m.

In Nasdaq trading, Microsoft rose $⅛ to $73¼, Dell Computer climbed $2¼ to $22⅞ and Apple Computer lost $¼ to $46⅝.

### Canada

BRAMALEA'S agreement in principle with its Canadian lenders on a restructuring plan boosted banks and paved the way for strong gains in Toronto stocks at midday. The banking index was up 42.75 or 1.6 per cent to 2,800.96 and the TSE 300 composite index was up 16.7 at 3,442.3 in slow volume of 12.9m shares. Advances led declines by 228 to 172 with transactions valued at C$164m.

Among banking shares, Canadian Imperial Bank of Commerce rose C$1 to C$28¾, Toronto Dominion gained C$⅜ to C$19⅝, Royal Bank firmed C$⅝ to C$25⅞ and Bank of Nova Scotia rose C$⅝ to C$23⅝. PWA Corp was up 31 cents to C$2.65 and Air Canada was up C$⅛ to C$5⅛.

### SOUTH AFRICA

INDUSTRIALS enjoyed a firmer day as the market largely ignored next week's mass action campaign by the ANC. The index rose 12 to 4,242 while the overall index lost 3 to 3,430. The gold index declined 9 to 1,068.

# Unexpected loss knocks Allianz off its pedestal

**Disillusion with the insurer and high interest rates have depressed German equities, says David Waller**

THIS week has proved to be a baptism of fire for Mr Henning Schulte-Noelle, chief executive of Allianz, the Munich-based insurance company which is one of Europe's most powerful financial institutions. In recent days the company has had some rare trouble with its share price, which in turn has dragged down the German stock market.

On Tuesday, Mr Schulte-Noelle held his first press conference since he took over from Mr Wolfgang Schieren last autumn. What he had to communicate was not welcomed by the stock market.

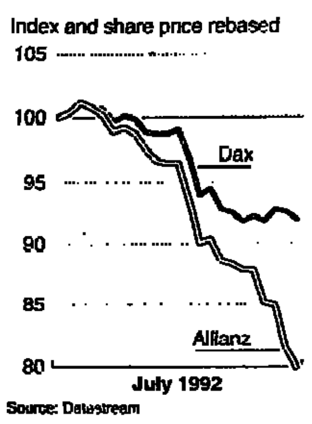
Shareholders were presented with a larger-than-expected underwriting loss in 1991 – the first-ever loss on Allianz's mainstream insurance business. The loss amounted to DM1.78bn ($1.2bn), down from a profit of DM182m in the previous year, reflecting difficult conditions in eastern Germany and in North America.

That day, Allianz's shares dropped by 3 per cent. But the company's problems – and those of the market – did not end there. Following an analysts' meeting on Wednesday, which prompted a hefty downgrading from DB Research, the research arm of the Deutsche Bank, the shares dropped by another 4 per cent on Thursday, and carried on sinking yesterday.

Allianz shares ended the week at DM1,835, a 9 per cent fall since Monday. The DAX index closed at 1,615.42, little changed from last Friday but down 7.2 per cent since the Bundesbank raised its discount rate from 8.0 to 8.75 per cent on July 16.

Analysts say that Allianz's blue-chip image and its status as a proxy for the market because of its shareholdings in other companies have both been been tarnished.

Furthermore, investors who previously had been apprehensive about the merits of the strategy pursued by the outgoing Mr Schieren, are now totally disillusioned. His aim had been to reduce Allianz's dependence on the profitable domestic market by investing overseas. Equally controversial was the decision to buy Deutsche Versicherungs, the former east German state insurance monopoly which is unlikely to be profitable before 1995-96.




He spent vigorously – some DM10bn during the 1980s – but these investments, it appears, on the basis of Tuesday's figures, have lowered the quality of the company's earnings.

The shares were dealt a further blow by a sell note from DB Research. DB analyst Mr Michael Drepper believes that Allianz has grossly overstated its reported Earnings Per Share (EPS) for last year. He says that the 1991 figure should more properly have been DM26, less than two-thirds of the DM40.85 reported on Tuesday. He has also cut his forecast for this year's EPS from DM 45.50 to DM28 and for 1993 from DM54 to DM44.

His recommendation is based on the way Allianz has accounted for DM576m of losses incurred by Deutsche Versicherungs. In calculating its EPS, it treated the losses as an "extraordinary" item which is taken "below the line" and therefore has no impact on earnings. DB Research argues that as the losses were normal trading losses, they should have been taken above the line, thus significantly reducing earnings.

Such an unequivocal "sell" recommendation is unusual in the consensual world of German finance. Conspiracy theorists see it as evidence of a deterioration in relations between Deutsche Bank and Allianz, the two most powerful institutions in the German financial services sector, and, through their extensive industrial holdings, in corporate Germany as well.

The conspiracy theorists may well be wrong. What is clearer is that DB's sell note shows the increasing influence of Anglo Saxon-style equity analysis in the German stock market. Deutsche Bank has recently reorganised its research activities in an effort to boost its credibility as a provider of independent advice to institutional investors.

Equally Anglo-Saxon was Allianz's response to the sell note: it released a statement to the press defending its position and Mr Diethart Breipohl, the finance director, held an impromptu press conference.

This sort of reaction to share price developments may be familiar in the UK or the US, but it is still uncommon in Germany.

Not surprisingly, the Allianz affair eclipsed the other corporate news of the week. Commerzbank, the first of the big three banks to report its figures, reported a 14.7 per cent increase in half-year profits; and BMW, the luxury car maker, announced a 10.5 per cent increase in net profits in the first six months, in spite of poor conditions in world car markets.

In both cases, the figures were impressive, but not enough to lift the gloom which has settled on the German equity market since the interest rate rise.

Only the bravest investor would argue that today's prices offer a buying opportunity. A technical rebound may be possible in the short term but it seems unlikely that there will be a robust recovery in share prices until the Bundesbank relaxes its monetary policy. At present, the consensus is that the central bank will not cut rates until the first quarter of 1993 at the earliest, and may even have to raise the internationally-sensitive Lombard rate before then.

EUROPE

# Fears about Deutsche's results depress Frankfurt

BOURSES ended lower in uncertain trading, *writes Our Markets Staff.*

FRANKFURT came under renewed pressure from Allianz and Deutsche Bank. Forecasts that the latter's half-year results, due on Tuesday, may prove disappointing saw its shares fall DM11.50 or 1.8 per cent to DM637. Some analysts said that there were rumours that total operating profit would show a 5 per cent decline compared with the same period in 1991, instead of estimates of a rise of between 5 and 7 per cent. At midsession the FAZ was down 6.12 at 636.90, slightly lower on the week while the DAX shed 8.57 to 1,615.42, but rose 0.3 per cent over the week. Turnover fell to DM4.6bn from DM5.1bn.

BMW, up DM10 at DM553, was lifted by Thursday's pleasing results while other car makers fell :Volkswagen off DM3 at DM356.50, Daimler down DM4.50 at DM685 and Porsche DM12 lower at DM515.

**FT-SE Eurotrack 100 - Jul 31**

Hourly changes

| Open | 10.30am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
|---|---|---|---|---|---|---|---|
| 1066.95 | 1066.99 | 1065.67 | 1066.05 | 1067.36 | 1068.36 | 1068.72 | 1067.77 |

Day's High 1069.97 Day's Low 1065.27

| Jul 30 | Jul 29 | Jul 28 | Jul 27 | Jul 24 |
|---|---|---|---|---|
| 1068.92 | 1077.69 | 1058.38 | 1056.98 | 1052.53 |

Base value 1000 (26/10/90).

News that the Swiss retailer Metro was to take a majority stake in Asko saw the latter's shares fall as low as DM762 before recovering to close up DM2 at DM792. Some analysts welcomed the deal, since it would enable Asko to consolidate its position in the retail sector.

PARIS was unsettled by weakness in the bond market and worries that the French will vote against the Maastricht Treaty in the September referendum. The CAC-40 index fell 27.90 to 1,754.67, but was still up 1.2 per cent on the week thanks to an earlier but short-lived bear market rally. Volume was a modest FFr1.9bn and was mainly generated by arbitrage activity.

Euro Disney continued its fall, losing FFr3 to FFr85 while BSN lost another FFr15 to FFr1,000. The stock has lost 4.1 per cent since last Friday when the food company said it planned to restrict voting rights.

MILAN rose as dealers squared their positions ahead of the weekend and the start of August, when many companies close down for the summer holidays. The Comit index rose 4.0 to 401.72, but was 1.1 per cent lower on the week, in turnover estimated at slightly above Thursday's L80bn.

The market was pulled higher at the start by the insurance sector, with Generali adding L345 to L26,345 and jumped to L27,850 after hours. Fondiaria rose L560 to L23,810 and Ras added L340 to L13,850.

The market's rebound caused some 10 shares to be suspended temporarily for excessive gains, including the steel group Falk and the energy group Edison.

AMSTERDAM saw selling in Philips after the consumer electronics group's announcement on Thursday that it was delaying the introduction of a new compact cassette product. Its shares shed 50 cents to Fl 24 while Polygram slipped 70 cents to Fl 47.80. The CBS Tendency index closed down 0.8 at 116.2 but rose 0.8 per cent on the week.

Royal Dutch was lifted late in the session on good half year results from its Shell Oil division in the US. Its shares advanced Fl 2.30 to Fl 147.20. Fokker, rebuked by the stock market authorities for the way it kept its minority shareholders appraised of its takeover talks with Dasa of Germany, was 20 cents weaker at Fl 25.80.

ZURICH weakened in late trading. The SMI index fell 8 to 1,798.1, but put on 2.4 per cent on the week. Union Bank bearers lost SFr5 to SFr701 and Swiss Bank bearers dropped SFr11 to SFr247 after announcing on Thursday a 7.7 per cent fall in half year operating profit. Nestlé bearers lost SFr70 to SFr9,370.

BRUSSELS was lifted by gains in Solvay and Petrofina. The Bel-20 index gained 4.08 to 1,145.26, adding 0.4 per cent on the week, in low turnover of BFr645m. Solvay was actively traded after Thursday's positive half-year results, advancing BFr200 to BFr12,475. Petrofina firmed BFr100 to BFr11,025.

VIENNA eased in line with other markets. The ATX index lost 9.54 to 782.62, but was up 1.4 per cent on the week.

Steyr Daimler Puch fell another Sch8 to Sch140 while Austrian Airlines recovered Sch5 to Sch1,575 after falling Thursday on news that it may have to cut its 1992 dividend.

STOCKHOLM rose on foreign interest in Astra. The Affärsvärlden index gained 2.70 to 861.70, up 3.2 per cent on the week. Astra's B shares advanced SKr3 to SKr539.

ASIA PACIFIC

# Corporate tax breaks lift Nikkei

### Tokyo

REPORTS of the government's additional economic stimulus package, which includes planned tax breaks for corporate capital investment, lifted share prices but activity remained subdued ahead of the weekend, *writes Emiko Terazono in Tokyo.*

The 225-issue index gained 354.68 to 15,910.28, for a rise of 2.7 per cent on the week. The index fell to the day's low of 15,469.09 in the morning session on small-lot profit-taking, but later surged on index-linked buying by investment trusts, hitting the day's high of 15,967.18 in the afternoon.

Volume, however, fell to 200m shares from 223m. Gainers led losers by 805 to 181, with 114 issues remaining unchanged. The Topix index of all first section stocks rose 25.77 to 1,219.25 and in London, the ISE/Nikkei 50 index fell 2.34 to 968.93.

Traders said the bulk of activity consisted of short-covering, and little new demand was seen. Mr Yasuo Ueki at Nikko Securities said: "Sentiment seems to have improved as the government has started to announce concrete measures to counter the weak economy and stock market." He added that investors were waiting to take profits at higher levels.

Reports that central bankers in the US, Japan, and Europe were in close discussions over problem loans at commercial banks, encouraged market participants.

Banks and property-related issues, which rose on Thursday on the government's plans to support land prices by purchasing real estate for public works projects, advanced sharply.

Industrial Bank of Japan gained Y70 to Y1,780 and Sumitomo Bank gained Y60 to Y1,430. Mitsui Fudosan, the leading realtor, added Y69 to Y839, and Mitsubishi Estate Y45 to Y810.

Speculative theme stocks strengthened on short-term trading, with Meiji Milk Products gaining Y15 to Y875 and Okamoto Industries Y30 to Y1,060.

Foreign investors were seen bargain-hunting in electrical blue chips. Hitachi advanced Y7 to Y723 and Fujitsu gained Y20 to Y587. However, Toshiba fell Y7 to Y614 and NEC lost Y2 to Y760 on continuing concerns over earnings.

In Osaka, the OSE average gained 388.23 to 17,750.75 in volume of 12.9m shares.

### Roundup

A FIRMER Wall Street and Tokyo helped most markets in the Pacific Basin to rise.

HONG KONG was stronger on selective bargain-hunting. The Hang Seng index rose 51.30 to 5,881.13, a 1.9 per cent rise on the week, in turnover of HK$2.15bn.

HSBC Holdings was the most active stock, gaining HK$1.50 to HK$54, while Hang Seng Bank improved 50 cents to HK$53.50, and Cheung Kong was up 30 cents at HK$24.50.

SEOUL's composite index rose 0.72 to 509.95 but was 2.3 per cent down on the week. Gainers exceeded losers by 327 to 309, with 191 unchanged.

TAIWAN ended higher on buying of shares in the food, plastics and textile sectors. The weighted index gained 78.99 to 4,108.52, up 2.1 per cent on the week, in turnover of T$29bn.

MANILA was slightly stronger. The composite index advanced 3.78 to 1,499.50, a 2.5 per cent increase on the week, as combined turnover improved to 329.3m pesos from 226.9m pesos.

KUALA LUMPUR rose on bargain-hunting with the composite index closing 2.97 higher at 601.53 for a 1.3 per cent gain on the week. Gainers led losers by 156 to 72 in volume of 72.3m shares.

AUSTRALIA weakened with the All Ordinaries index ending down 3.2 at 1,617.7, but up 0.5 per cent on the week.

BANGKOK rose on hopes of good second quarter results. The SET index gained 4.76 to 741.42, up slightly on the week. BOMBAY's BSE index gained 28.23 to 2,727.06.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY JULY 30 1992 | | | | | | | | WEDNESDAY JULY 29 1992 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1992 High | 1992 Low | Year ago (approx) |
| Australia (69) | 142.77 | +0.6 | 110.30 | 115.20 | 109.97 | 127.48 | +0.5 | 4.28 | 141.85 | 109.71 | 114.69 | 109.45 | 126.81 | 153.68 | 140.94 | 149.11 |
| Austria (19) | 154.05 | −0.5 | 119.02 | 124.30 | 118.65 | 119.13 | +0.1 | 2.45 | 154.86 | 119.76 | 125.20 | 119.48 | 119.07 | 186.70 | 150.55 | 175.63 |
| Belgium (42) | 146.69 | +0.1 | 113.33 | 118.35 | 112.98 | 110.69 | +0.4 | 5.56 | 146.58 | 113.37 | 118.50 | 113.09 | 110.25 | 152.27 | 135.87 | 128.87 |
| Canada (114) | 128.20 | +0.2 | 99.05 | 103.44 | 98.74 | 109.87 | −0.1 | 3.18 | 127.94 | 98.95 | 103.43 | 98.71 | 109.97 | 142.12 | 124.32 | 139.86 |
| Denmark (35) | 239.52 | −0.1 | 185.05 | 193.27 | 184.48 | 185.69 | −0.1 | 1.89 | 239.81 | 185.46 | 193.85 | 185.02 | 185.91 | 273.94 | 226.81 | 255.19 |
| Finland (15) | 69.74 | −1.2 | 53.88 | 56.28 | 53.72 | 59.68 | −0.4 | 2.37 | 70.58 | 54.59 | 57.07 | 54.46 | 59.94 | 89.80 | 69.74 | 99.30 |
| France (104) | 158.41 | −0.7 | 122.39 | 127.81 | 122.00 | 124.31 | −0.9 | 3.62 | 159.60 | 123.43 | 129.03 | 123.13 | 125.49 | 168.75 | 148.06 | 129.17 |
| Germany (64) | 120.32 | +0.1 | 92.96 | 97.10 | 92.67 | 92.67 | +0.0 | 2.47 | 120.17 | 92.94 | 97.17 | 92.72 | 92.72 | 129.69 | 114.67 | 106.44 |
| Hong Kong (54) | 242.74 | −0.4 | 187.54 | 195.86 | 186.97 | 241.11 | −0.4 | 3.40 | 243.77 | 188.53 | 197.08 | 188.09 | 242.05 | 259.55 | 176.36 | 168.32 |
| Ireland (16) | 158.74 | +0.3 | 122.64 | 128.09 | 122.26 | 124.43 | +0.5 | 4.24 | 158.26 | 122.40 | 127.95 | 122.10 | 123.85 | 173.71 | 151.78 | 153.33 |
| Italy (78) | 61.45 | −1.0 | 47.48 | 49.58 | 47.33 | 51.38 | −1.1 | 4.07 | 62.06 | 48.00 | 50.18 | 47.88 | 51.96 | 80.86 | 61.30 | 74.94 |
| Japan (473) | 92.41 | +2.4 | 71.40 | 74.57 | 71.19 | 74.57 | +2.2 | 1.14 | 90.27 | 69.81 | 72.98 | 69.65 | 72.98 | 140.95 | 88.70 | 131.84 |
| Malaysia (69) | 241.87 | +1.1 | 186.86 | 195.15 | 186.29 | 233.16 | +1.2 | 2.69 | 239.20 | 185.00 | 193.38 | 184.55 | 230.41 | 250.47 | 212.49 | 225.84 |
| Mexico (18) | 1385.11 | +1.2 | 1070.12 | 1117.64 | 1066.85 | 4710.56 | +1.1 | 1.27 | 1368.15 | 1058.12 | 1106.12 | 1055.57 | 4658.88 | 1789.77 | 1303.41 | 1139.78 |
| Netherland (25) | 161.18 | −0.1 | 124.53 | 130.06 | 124.15 | 122.89 | −0.3 | 4.56 | 161.34 | 124.78 | 130.44 | 124.48 | 123.23 | 167.29 | 147.88 | 139.15 |
| New Zealand (14) | 44.81 | −1.3 | 34.62 | 36.16 | 34.52 | 43.57 | −1.5 | 5.21 | 45.42 | 35.13 | 36.72 | 35.04 | 44.23 | 48.52 | 42.01 | 48.10 |
| Norway (23) | 171.74 | +0.5 | 132.69 | 138.58 | 132.28 | 135.67 | +0.5 | 1.86 | 170.84 | 132.12 | 138.12 | 131.81 | 135.01 | 192.95 | 161.26 | 197.07 |
| Singapore (38) | 208.54 | +2.3 | 161.11 | 168.27 | 160.62 | 155.11 | +2.4 | 2.14 | 203.78 | 157.60 | 164.75 | 157.22 | 151.43 | 229.63 | 192.76 | 196.08 |
| South Africa (61) | 204.45 | +1.9 | 157.95 | 164.97 | 157.47 | 172.37 | +0.6 | 2.99 | 200.72 | 155.24 | 162.28 | 154.86 | 171.39 | 263.60 | 194.69 | 247.87 |
| Spain (49) | 139.20 | −0.4 | 107.54 | 112.32 | 107.21 | 99.39 | −0.4 | 5.91 | 139.77 | 108.10 | 113.00 | 107.83 | 99.80 | 161.72 | 136.49 | 147.72 |
| Sweden (29) | 187.57 | −1.0 | 144.91 | 151.35 | 144.48 | 149.25 | −1.0 | 2.73 | 189.44 | 146.51 | 153.16 | 146.16 | 150.74 | 200.28 | 173.09 | 192.61 |
| Switzerland (62) | 112.05 | −0.3 | 86.57 | 90.42 | 86.32 | 91.80 | −0.3 | 2.34 | 112.38 | 86.91 | 90.86 | 86.71 | 92.03 | 113.88 | 95.99 | 92.43 |
| United Kingdom (228) | 183.61 | −0.4 | 141.85 | 148.14 | 141.41 | 141.85 | −0.5 | 5.25 | 184.26 | 142.51 | 148.96 | 142.15 | 142.51 | 200.07 | 165.85 | 173.23 |
| USA (522) | 172.59 | +0.4 | 133.34 | 139.27 | 132.94 | 172.59 | +0.4 | 2.90 | 171.94 | 132.98 | 139.02 | 132.67 | 171.94 | 172.59 | 160.92 | 156.88 |
| Europe (769) | 147.76 | −0.3 | 114.16 | 119.23 | 113.82 | 114.43 | −0.4 | 4.21 | 148.27 | 114.67 | 119.88 | 114.40 | 114.93 | 156.88 | 139.31 | 136.60 |
| Nordic (102) | 175.25 | −0.6 | 135.40 | 141.41 | 134.99 | 133.05 | −0.6 | 2.36 | 176.25 | 136.31 | 142.49 | 135.98 | 133.79 | 188.52 | 169.29 | 187.83 |
| Pacific Basin (717) | 99.29 | +2.1 | 76.71 | 80.12 | 76.48 | 81.13 | +1.9 | 1.52 | 97.29 | 75.24 | 78.66 | 75.06 | 79.63 | 141.97 | 94.40 | 133.21 |
| Euro – Pacific (1506) | 118.89 | +0.8 | 91.86 | 95.93 | 91.57 | 94.90 | +0.7 | 2.87 | 117.91 | 91.19 | 95.32 | 90.96 | 94.24 | 145.21 | 113.80 | 134.89 |
| North America (636) | 169.81 | +0.4 | 131.19 | 137.03 | 130.81 | 168.32 | +0.4 | 2.91 | 169.19 | 130.85 | 136.80 | 130.56 | 167.72 | 169.81 | 158.70 | 155.75 |
| Europe Ex. UK (561) | 126.06 | −0.3 | 97.40 | 101.74 | 97.12 | 98.60 | −0.4 | 3.46 | 126.49 | 97.82 | 102.28 | 97.61 | 99.02 | 132.99 | 121.81 | 114.84 |
| Pacific Ex. Japan (244) | 167.12 | +0.3 | 129.11 | 134.87 | 128.73 | 149.16 | +0.3 | 3.60 | 166.55 | 128.81 | 134.67 | 128.51 | 146.68 | 175.31 | 149.00 | 146.72 |
| World Ex. US (1699) | 120.92 | +0.8 | 93.42 | 97.58 | 93.14 | 97.35 | +0.7 | 2.87 | 119.92 | 92.74 | 96.96 | 92.52 | 96.70 | 146.91 | 116.45 | 136.84 |
| World Ex. UK (1993) | 133.05 | +0.8 | 102.79 | 107.36 | 102.49 | 118.11 | +0.7 | 2.58 | 132.03 | 102.11 | 106.75 | 101.87 | 117.31 | 150.58 | 127.21 | 139.65 |
| World Ex. So. Af. (2160) | 137.01 | +0.6 | 105.85 | 110.56 | 105.54 | 119.82 | +0.5 | 2.88 | 136.15 | 105.30 | 110.09 | 105.06 | 119.17 | 153.05 | 130.04 | 141.88 |
| World Ex. Japan (1748) | 162.35 | +0.1 | 125.43 | 131.02 | 125.07 | 146.88 | +0.1 | 3.40 | 162.12 | 125.39 | 131.09 | 125.10 | 146.56 | 165.40 | 153.20 | 149.62 |
| The World Index (2221) | 137.41 | +0.6 | 106.16 | 110.88 | 105.85 | 120.31 | +0.5 | 2.88 | 136.54 | 105.60 | 110.39 | 105.35 | 119.65 | 153.70 | 130.68 | 142.56 |


Latest prices were unavailable for this edition.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| **"Shorts" (Lives up to Five Years)** | | | | | | | |
| Exch 12¼pc 1992 | | 100⅛xd | .. | 101¼ | 100⅛ | 12.22 | – |
| 13½pc 1992 | | 100⅝ | -1/16 | 102½ | 100⅝ | 13.45 | 10.05 |
| Treas 8¼pc 1993 | | 99⅛xd | -⅛ | 99½ | 97⅞ | 8.32 | 9.73 |
| 10pc 1993‡‡ | | 99⅝ | -1/16 | 100½ | 99⅝ | 10.00 | 9.96 |
| 12½pc 1993‡‡ | | 102⅝ | -⅛ | 103⅝ | 101⅝ | 12.22 | 9.93 |
| Funding 6pc 1993‡‡ | | 96⅞ | -1/16 | 97⅛ | 95⅛ | 6.19 | 8.94 |
| Treas 13¾pc 1993‡‡ | | 104⅜ | -⅛ | 106⅜ | 104½ | 13.15 | 9.92 |
| 8½pc 1994 | | 98 | -⅛ | 99 | 96¼ | 8.63 | 9.64 |
| 14½pc 1994‡‡ | | 106⅝xd | -1/16 | 109½ | 105⅝ | 13.60 | 9.94 |
| Exch 13½pc 1994 | | 105⅝ | -¼ | 107⅜ | 105 | 12.78 | 9.88 |
| Treas 10pc Ln 1994‡‡ | | 100⅝ | -⅛ | 101⅝ | 95⅝ | 9.95 | 9.72 |
| Exch 12½pc 1994 | | 104⅝xd | -⅛ | 105 | 103 | 11.91 | 9.83 |
| Treas 9pc 1994‡‡ | | 98⅝ | -⅛ | 99⅝ | 96⅛ | 9.12 | 9.62 |
| 12pc 1995 | | 104⅝xd | -⅛ | 106⅝ | 103⅛ | 11.45 | 9.77 |
| Exch 3pc Gas 90-95 | | 92⅛ | -⅛ | 94⅝ | 89¼ | 3.25 | 5.95 |
| 10¼pc 1995 | | 101⅝ | -⅛ | 103⅛ | 99 | 10.10 | 9.70 |
| Treas 12¾pc 1995‡‡ | | 108½ | -⅛ | 110⅝ | 106⅝ | 11.78 | 9.70 |
| 14pc 1996 | | 111⅝ | -⅛ | 114 | 110 | 12.51 | 9.86 |
| 9pc 1992-96‡‡ | | 98⅝ | -⅛ | 100 | 96 | 9.13 | 9.48 |
| 15¼pc 1996‡‡ | | 116 | -⅛ | 119 | 114 | 13.08 | 9.85 |
| Exch 13¼pc 1996‡‡ | | 110⅝ | -⅛ | 112⅞ | 109½ | 11.98 | 9.83 |
| Conversion 10pc 1996 | | 101⅞ | -⅛ | 103⅛ | 98⅝ | 9.88 | 9.60 |
| Treas 13¼pc 1997‡‡ | | 112⅜ | -½ | 114⅝ | 110 | 11.79 | 9.76 |
| Exch 10½pc 1997 | | 103⅝xd | -⅛ | 105⅝ | 100⅝ | 10.15 | 9.56 |
| **Five to Fifteen Years** | | | | | | | |
| Treas 8¾pc 1997‡‡ | | 97⅝xd | -⅛ | 99 | 94 | 8.99 | 9.45 |
| Exch 15pc 1997 | | 120⅝ | -⅛ | 123⅝ | 118⅝ | 12.42 | 9.83 |
| 9¾pc 1998 | | 101⅛ | -⅛ | 103 | 97 | 9.64 | 9.49 |
| Treas 6¾pc 1995-98‡‡ | | 91 | -⅛ | 93 | 86 | 7.42 | 8.79 |
| 15½pc '98‡‡ | | 126 | -⅛ | 129 | 123 | 12.27 | 9.72 |
| Exch 12pc 1998 | | 111⅛ | -⅛ | 113¼ | 107 | 10.80 | 9.60 |
| Treas 9½pc 1999‡‡ | | 101 | -⅛ | 103⅛ | 97 | 9.39 | 9.26 |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| Exch 12¼pc 1999 | | 112⅝ | -⅝ | 115 | 109½ | 10.86 | 9.60 |
| Treas 10½pc 1999 | | 105 | -⅛ | 107⅝ | 101⅝ | 9.98 | 9.45 |
| Conversion 10¼pc 1999 | | 104 | -⅛ | 106⅝ | 100⅝ | 9.84 | 9.45 |
| 9pc 2000‡‡ | | 98⅝xd | -½ | 100 | 94⅝ | 9.12 | 9.26 |
| Treas 13pc 2000 | | 118 | -⅝ | 121⅛ | 114⅝ | 10.99 | 9.65 |
| 10pc 2001 | | 103⅝xd | -⅛ | 106¼ | 99⅝ | 9.64 | 9.36 |
| 14pc '98-01 | | 118⅜ | -⅛ | 121 | 115⅝ | 11.83 | 9.78 |
| 9¾pc 2002 | | 102⅝xd | -⅛ | 105⅜ | 98⅜ | 9.48 | 9.32 |
| 10pc 2003 | | 104⅝ | -⅛ | 107 | 100 | 9.55 | 9.32 |
| Treas 11½pc 2001-04 | | 111 | -⅝ | 113 | 107 | 10.38 | 9.59 |
| Funding 3½pc '99-04 | | 65 | -⅛ | 68 | 59½ | 5.34 | 8.02 |
| Conversion 9½pc 2004 | | 101 | -⅛ | 104 | 96 | 9.32 | 9.24 |
| 9½pc 2005 | | 102 | -⅛ | 104 | 96 | 9.31 | 9.23 |
| Treas 12½pc 2003-05 | | 120 | -⅛ | 124⅝ | 116 | 10.39 | 9.53 |
| 8pc 2002-06‡‡ | | 90 | -⅛ | 93 | 85½ | 8.83 | 9.20 |
| Treas 11¾pc 2003-07 | | 114 | -⅛ | 118 | 110 | 10.23 | 9.49 |
| **Over Fifteen Years** | | | | | | | |
| Treas 8½pc 2007‡‡ | | 95 | -½ | 97 | 89 | 8.94 | 9.11 |
| 13½pc 04-08 | | 127 | -⅛ | 132 | 123 | 10.57 | 9.53 |
| 9pc 2008‡‡ | | 99½ | -⅛ | 101 | 93 | 9.05 | 9.06 |
| 8pc 2009 | | 90 | -⅛ | 93 | 85 | 8.91 | 9.06 |
| Conv 9pc Ln 2011‡‡ | | 99 | -½ | 102 | 93 | 9.02 | 9.02 |
| Treas 9pc 2012 | | 100xd | -⅛ | 102 | 93 | 9.00 | 9.00 |
| 9pc 2012 A | | 70 | -½ | 72 | 69 | 9.00 | 9.00 |
| Treas 5½pc 2008-12‡‡ | | 68 | -⅛ | 70 | 62 | 8.01 | 8.87 |
| 7¾pc 2012-15‡‡ | | 88xd | -⅛ | 90 | 81 | 8.79 | 8.99 |
| Exch 12pc '13-'17 | | 127⅛ | -⅛ | 138 | 120⅛ | 9.44 | 9.10 |
| Treas 8¾pc 2017 | | 98xd | -½ | 101 | 97⅛ | 8.94 | 8.94 |
| **Undated** | | | | | | | |
| Consols 4pc | | 43 | -⅛ | 44⅛ | 39 | 9.22 | – |
| War Loan 3½pc‡‡ | | 38½ | -⅛ | 39 | 35 | 9.08 | – |
| Conv 3½pc '61 Aft | | 62 | -⅛ | 62 | 59 | 5.64 | – |
| Treas 3pc '66 Aft | | 32 | -⅛ | 32⅝ | 29 | 9.38 | – |
| Consols 2½pc | | 27 | -⅛ | 27 | 24 | 9.15 | – |
| Treas. 2½pc | | 27¼ | -⅛ | 27¼ | 24 | 9.17 | – |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| **Index - Linked** | (b) | | | | | (1) | (2) |
| Treas. 2pc '94 | (102.9) | 126 | -⅛ | 127⅝ | 122½ | 2.94 | 4.37 |
| 2pc '96 | (67.9) | 181 | -1⅛ | 184¼ | 176⅛ | 3.79 | 4.44 |
| 2½pc '01 | (78.3) | 144¼ | -1⅛ | 148 | 143 | 4.39 | 4.72 |
| 2½pc '03 | (78.8) | 140 | -1⅛ | 144 | 138 | 4.42 | 4.70 |
| 2pc '06 | (69.5) | 142 | -1⅛ | 147 | 139 | 4.44 | 4.65 |
| 2½pc '09 | (78.8) | 129 | -1⅛ | 134¼ | 126 | 4.44 | 4.64 |
| 2½pc '11 | (74.6) | 133xd | -1⅛ | 138 | 129⅛ | 4.41 | 4.59 |
| 2½pc '13 | (89.2) | 109xd | -1⅛ | 114 | 106 | 4.42 | 4.58 |
| 2½pc '16 | (81.6) | 116xd | -1⅛ | 121⅛ | 112⅛ | 4.37 | 4.53 |
| 2½pc '20 | (83.0) | 112⅛ | -1⅛ | 117⅛ | 107 | 4.35 | 4.49 |
| 2½pc '24‡‡ | (97.7) | 92¼ | -1⅛ | 97 | 88⅞ | 4.33 | 4.46 |
| 4⅛pc '30‡‡ | (135.1) | 94⅝ | -1⅛ | 99¼ | 94⅝ | 4.29 | 4.43 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1991: 135.7 and for June 1992: 139.3

### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1992 high | 1992 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| African Dev 11¼ 2010 | | 112 | -½ | 115 | 105⅞ | 9.86 | 9.58 |
| Asian Dev 10¼pc 2009 | | 107 | -½ | 109 | 100 | 9.58 | 9.39 |
| B'ham 11½pc 2012 | | 111½ | -¼ | 113½ | 102¼ | 10.31 | 10.15 |
| Ireland Cap 8½pc '10 | | 89¼ | — | 99¼ | 88⅛ | 9.52 | – |
| 9pc Cap 1996 | | 92½ | +¼ | 99¼ | 90 | 9.73 | – |
| 13pc '97-02 | | 105½ | — | 115½ | 103⅞ | 12.32 | – |
| Hydro Quebec 15pc 2011 | | 138 | -⅝ | 141 | 130⅞ | 10.81 | 10.29 |
| Leeds 13½pc 2006 | | 123 | -¼ | 125 | 116¼ | 10.98 | 10.40 |
| Liverpool 3½pc Irred | | 32½ | — | 33¼ | 30 | 10.77 | – |
| LCC 3pc '20 Aft | | 30½ | — | 30¾ | 27 | 9.84 | – |
| Manchester 11½pc 2007 | | 109½ | -½ | 111¼ | 103¼ | 10.50 | 10.28 |
| Met. Wtr. 3pc 'B' | | 59¾ | -½ | 61 | 53 | 5.02 | 8.76 |
| N'wde Anglia 3⅞pc 2021 | | 108¼ | -½ | 111¼ | 103¼ | – | 5.49 |
| 4¼pc IL 2024 | | 107¾xd | -½ | 110¼ | 103¼ | – | 5.25 |
| Utd Mex States 16½pc 2008 | | 123½ | — | 126 | 121½ | 13.86 | 12.97 |

# LONDON SHARE SERVICE

## AMERICANS

| Notes | Price £ | + or - | 1992 high | low | Mkt Cap £m | Yld Gr's |
|---|---|---|---|---|---|---|
| Abbott Labs h | 15⅝xd | -7/16 | 18⅛ | 14⅝ | 13,258 | 2.0 |
| Allegheny & W | 328p | +22 | 338p | 226p | 169.4 | 4.8 |
| Amdahl | 738p | +18 | 1189p | 706p | 617.9 | 0.7 |
| Amer Cyanamid | 32⅛ | +⅛ | 37 | 28⅝ | 2,936 | 2.7 |
| Amer Express | 11 11/16xd | -⅛ | 13⅞ | 10 3/16 | 5,679 | 4.4 |
| Amer T & T | 22 9/16xd | -⅛ | 24⅞ | 20⅛ | 39,257 | 3.0 |
| Ameritech | 36⅛ | +⅛ | 36 11/16 | 32½ | 10,618 | 5.1 |
| Bank America | 23 7/16xd | -1/16 | 27⅛ | 18¼ | 8,089 | 2.9 |
| Bankers NY | 31⅞xd | -⅛ | 37¼ | 28⅞ | 2,941 | 4.6 |
| Bell Atlantic | 24⅜ | -⅛ | 26¼ | 23⅛ | 10,608 | 5.5 |
| BellSouth | 27½ | — | 29⅛ | 25 | 13,444 | 5.3 |
| Bethlehem Steel | 7 7/16xd | — | 9⅜ | 6⅞ | 609.2 | — |
| Bowater | 1063pxd | +12 | 1678p | 1016p | 383.3 | 5.9 |
| CPC h | 25⅛xd | -½ | 25¼ | 22⅛ | 3,886 | 2.5 |
| Cadiz Land Inc | 142p | -28 | 342p | 142p | — | — |
| California Engy | 624p | +2 | 630p | 599p | 112.6 | — |
| Campbell Soup | 19⅝xd | +1/16 | 23 1/16 | 17⅞ | 4,928 | 2.1 |
| Chase Manhattan | 13 7/16xd | -⅛ | 18½ | 9⅛ | 1,854 | 4.8 |
| Chrysler | 11⅛xd | — | 11½ | 6¼ | 3,296 | 2.8 |
| Citicorp | 10⅛xd | +1/16 | 11¼ | 5⅜ | 3,595 | — |
| Colgate-Palm | 27⅛xd | — | 29⅞ | 25¼ | 4,398 | 2.4 |
| Cont'l Bank | 913p | -1 | 1036p | 499p | 522.6 | 3.4 |
| Dana | 21 9/16xd | -⅛ | 24½ | 14 3/16 | 958.9 | 4.0 |
| Data General | 478p | -1 | 1004p | 388p | 181.3 | — |
| Decora Inds | 121p | +17 | 122p | 55p | — | — |
| Dun & Brad | 30⅛ | +⅛ | 33½ | 27⅝ | 5,419 | 3.3 |
| Exxon | 41 1/16 | +1/16 | 46½ | 32½ | 1,411 | 2.8 |
| Echlin | 10⅛xd | -⅛ | 11 | 7⅝ | 665.4 | 3.6 |
| FPL | 19 7/16xd | +1/16 | 20 | 18⅛ | 3,392 | 6.5 |
| Fluor | 20 15/16 | +1/16 | 27 | 19⅛ | 1,890 | 1.0 |
| Ford Motor | 23 3/16xd | +1/16 | 26⅛ | 15 | 11,449 | 2.2 |
| Gen Elect | 39⅝xd | -⅛ | 41¼ | 36 11/16 | 34,458 | 3.1 |
| General Host | 468p | +9 | 556p | 380p | — | 4.0 |
| Gillette | 27⅛xd | -½ | 29⅞ | 23 11/16 | 5,958 | 1.4 |
| Hasbro | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## CANADIANS

[illegible]

## BANKS

[illegible]

## BREWERS & DISTILLERS

[illegible]

## BUILDING MATERIALS

[illegible]

## BUILDING MATERIALS - Cont.

[illegible]

## BUSINESS SERVICES

[illegible]

## CHEMICALS

[illegible]

## CONGLOMERATES

[illegible]

## CONTRACTING & CONSTRUCTION

[illegible]

## CONTRACTING & CONSTRUCTION - Cont.

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICITY

[illegible]

## ELECTRONICS

[illegible]

## ENGINEERING - AEROSPACE

[illegible]

## ENGINEERING - GENERAL

[illegible]

## ENGINEERING - GENERAL - Cont.

[illegible]

## FOOD MANUFACTURING

[illegible]

## FOOD RETAILING

[illegible]

## HEALTH & HOUSEHOLD

[illegible]

## HOTELS & LEISURE

[illegible]

## HOTELS & LEISURE - Cont.

[illegible]

## INSURANCE BROKERS

[illegible]

## INSURANCE COMPOSITE

[illegible]

## INSURANCE LIFE

[illegible]

## INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

## INVESTMENT TRUSTS - Cont.

[illegible]

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## MINES - Cont.

| | Notes | Price | + or - | 1992 High | 1992 low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| **Diamond and Platinum** | | | | | | | |
| Anglo Am Inv | | £11 | — | £21½ | £11 | 1,199 | 6.9 |
| De Beers Lkd Uts | | £10⅞ | — | £16⅝ | £10⅟₁₆ | 4,015 | 5.5 |
| 40pc Pf | | 287 | — | 326 | 287 | 2.38 | 13.9 |
| Impala Plat | ‡ | 637 | −1 | 829 | 604 | 309.6 | ‡ |
| Lydenburg | ‡ | 700 | — | 862 | 700 | 118.9 | ‡ |
| Northam Plat | | 308 | −1 | 452 | 304 | 176.3 | — |
| Rustenburg | | £10½ | — | £13⅛ | £9¾ | 1,316 | 4.2 |
| **Central African** | | | | | | | |
| Falcon ZS | | 18 | — | 35 | 18 | 3.59 | 23.4 |
| Wankie Col ZS | | 12 | — | 17 | 10 | 3.04 | 13.1 |
| Willoughby's | | 55 | — | 80 | 45 | 2.01 | 4.9 |
| Pfd | | 21 | — | 40 | 19 | 1.39 | 13.4 |
| Zambia Cpr SBD | | 46 | +7 | 60 | 16 | 55.2 | — |
| **Finance** | | | | | | | |
| Ang Am Coal R | | £12¼ | −½ | £22⅜ | £12¼ | 308.6 | 7.2 |
| Anglo Amer R | | £15¾ | — | £22¾ | £14½ | 3,655 | 4.3 |
| Ang Am Gold R | | £28½ | +½ | £41⅞ | £26⅛ | 688.2 | 6.7 |
| ■‡Anglo Pac Res | | 10 | — | 13½ | 10 | 7.77 | — |
| Anglovaal R | † | £10¼ | +¼ | £14⅛ | £9¾ | 442.0 | 1.7 |
| Antofagasta | | 630 | — | 680 | 503 | 188.6 | 3.0 |
| 5pc Pf | | 53 | — | 55 | 49 | 1.08 | 9.8 |
| ■Chuff Res | | 17¼ | +¼ | 38 | 15 | 12.5 | 7.7 |
| Genbel R | † | 65 | — | 115 | 65 | 281.0 | 9.7 |
| Gencor R | † | 171 | +13 | 222 | 148 | 2,353 | 4.8 |
| Gold Fields SA R | | 944 | +13 | 1491 | 919 | 909.0 | 4.0 |
| Jo'burg Cons R | † | 745 | — | 1025 | 745 | 1,099 | 3.4 |
| Middle Wit R | | 95 | — | 155 | 95 | 395.6 | 1.2 |
| Minorco S | † | 651 | +10 | 862 | 631 | 1,115 | 4.2 |
| Monarch Res | | 74 | — | 98 | 50 | 10.5 | — |
| New Wits R | | 110 | — | 218 | 110 | 33.7 | 9.0 |
| OFS Invs R | | 956 | +3 | 1201 | 892 | 215.2 | 12.8 |
| Rand Mines R | | 88 | — | £12⅞ | £7¾ | 119.3 | 7.1 |
| Rand Mine Props R | ‡ | 107 | +2 | 230 | 95 | 13.3 | ‡ |
| Vogels | | 75 | — | 95 | 70 | 13.0 | 15.2 |
| Waverley | s | 15 | — | 25 | 15 | 1.88 | — |
| Welkom R | | 237 | +2 | 324 | 220 | 83.8 | 12.6 |
| **Australians** | | | | | | | |
| ♥Aztec Expln | Z | 32 | −1 | 37 | 32 | — | 13 |
| ♥CRA | ‡ | 517 | −4 | 631 | 494 | 3,856 | ‡ |
| ♥Centenary Intl | | 3 | — | 5¾ | 2 | 1.38 | — |
| ♥Central Pacific | | 28 | — | 70 | 27 | — | — |
| ♥Croesus | | 5 | — | 6½ | 3 | — | — |
| ♥Delta Gold | | 46 | −2 | 60 | 45 | 58.2 | — |
| Devex | | 31 | — | 41 | 29 | 38.5 | 1.9 |
| ♥Dominion | | 17 | — | 27½ | 17 | 86.8 | 10.8 |
| ♥Dragon Res | | 3½ | — | 6½ | 2¼ | 0.76 | — |
| ♥Emperor | | 29 | — | 38 | 22 | 14.3 | — |
| ♥Equatorial Gold | | 9½ | — | 15 | 9½ | 5.70 | — |
| ♥Forsayth | | 6 | — | 7 | 4½ | — | — |
| ♥GM Kalgoorlie | | 35½ | −½ | 37 | 29½ | 168.1 | 1.1 |
| ♥Gwalia Cons. | | 46 | — | 63 | 34 | 27.3 | 17 |
| ♥Helix Resources | | 16 | — | 28 | 16 | 3.86 | — |
| ♥Indon Diamond | | 18 | +2 | 58 | 15 | 1.03 | — |
| ♥Jula | | 5 | — | 18½ | 4½ | 4.98 | — |
| ♥Kidston Gold | | 62 | −1 | 73 | 54 | 77.5 | 17.6 |
| ♥Meekatharra | | 19 | — | 35 | 18⅞ | 6.39 | — |
| ♥Metana Minls | | 31 | — | 36 | 23 | 12.4 | — |
| ♥MIM | ‡ | 113½ | −1 | 120 | 90½ | 1,578 | ‡ |
| ♥Montague Gold | | 6 | — | 19 | 5 | 6.81 | — |
| ♥Mount Burgess | | 12 | — | 13 | 7½ | 3.38 | — |
| Mount Martin | Z | 15 | — | 21 | 14 | 9.00 | 8.0 |
| ♥Niugini Mining | | 104 | — | 147 | 97 | 85.7 | — |
| ♥Normandy Posdn | | 43 | −1 | 56 | 40 | — | — |
| ♥NB Hill Peko | | 84 | −1 | 111 | 84 | 528.5 | 6.0 |
| ♥Pancontinental | g | 35 | −1 | 47 | 34 | 79.8 | 4.3 |
| ♥Paragon Res | | 1 | — | 2½ | 1 | 4.60 | — |
| ♥Pasminco | | 55½ | — | 68 | 52 | 399.6 | — |
| ♥Placer Pacific | | 108 | −2 | 131 | 103 | 672.8 | — |
| ♥PosGold | | 55 | — | 82 | 42½ | 208.3 | 3.5 |
| ♥Precious Metals | | 12 | — | 25 | 12 | — | — |
| ♥Renison | | 206 | −2 | 221 | 193 | 409.2 | 6.7 |
| ♥Resolute Resources | | 11 | — | 13½ | 10¼ | 10.6 | — |
| ♥St Barbara | | 10½ | −½ | 22 | 8½ | — | — |
| ♥Samson Expl | | 1 | — | 1¾ | 0½ | 0.76 | — |
| ♥Sipa Resources | | 11 | — | 17 | 10¼ | 3.69 | — |
| ♥Sons Gwalia | | 193 | — | 193 | 137 | 84.5 | 10.6 |
| ♥Southern Pacific | | 12 | — | 28 | 11 | 33.4 | — |
| ♥Spargos | | 1 | — | 2½ | 1 | 2.18 | — |
| Westn Mining | ‡ | 190 | — | 225 | 164 | 1,819 | ‡ |
| ♥Westralian Res | ♦ | 4½ | — | 8 | 4 | 0.77 | — |
| **Tins** | | | | | | | |
| ♥Ayer Hitam M$ | | 34 | — | 34 | 25 | 3.11 | 11.2 |
| Gopeng M$ | | 85 | — | 91 | 80 | 13.6 | 1.3 |
| Malaysia Mine M$ | | 37xd | — | 44 | 36 | 154.7 | 7.1 |
| Petaling M$ | | 165 | — | 170 | 130 | 16.6 | 1.3 |
| **Miscellaneous** | | | | | | | |
| Anglesey | | 5 | — | 25 | 3 | 1.06 | — |
| ‡‡Andaman Res I£ | | 27 | — | 42 | 25 | 1.28 | — |
| Anglo-Dominion | | 5 | +¼ | 5 | 3 | — | — |
| ■‡‡Bumin Expl I£ | | 6 | — | 10½ | 6 | 1.11 | — |
| ■Butte | | 2¼ | +¼ | 4½ | 1¾ | 5.38 | — |
| ♥Caledonia Min. | | 17½ | −2 | 29⅛ | 13½ | 1.88 | — |
| ♥Cape Range | | 13 | — | 18½ | 11 | 16.4 | — |
| Cons Murch R | | 23 | −2 | 28 | 15 | 1.44 | 13.5 |
| ■‡Ennex Intl I£ | | 5¼ | — | 7½ | 4¼ | 4.41 | — |
| Europa Minls | | 8 | — | 52½ | 8 | 3.86 | — |
| ‡‡Feltrim I£ | | 3½# | — | 4⅝ | 1⅞ | 0.39 | — |
| Geevor | | 4¼# | — | 5 | 4½ | 1.52 | — |
| ‡‡Glencar Expl I£ | | 7 | — | 18 | 6 | 1.29 | — |
| ■Greenwich Res | | 4½ | — | 11 | 4½ | 3.31 | — |
| Hemlo Gold C$ | | £4⅛ | −⅛ | £5⅟₁₆ | £3¾ | 421.8 | 2.1 |
| Homestake S | | £7¾xd | — | £9⅟₁₆ | £6¼ | 884.4 | 1.4 |
| ■‡‡Ivernia West I£ | | 34 | — | 53 | 33 | 10.8 | — |
| ■‡‡Kells Minls I£ | | 17 | — | 42 | 16 | 0.41 | — |
| ■‡Kenmare | | 2¼ | — | 6½ | 2½ | 2.64 | — |
| Meliga Res | | 26 | −½ | 48 | 25 | 2.87 | — |
| ‡‡Navan Res I£ | | 23½ | — | 28 | 16 | 3.15 | — |
| North West Expl A$ | | 3 | — | 8 | 2 | 1.01 | — |
| Oryx Gold S | | 56 | — | 103 | 51 | — | — |
| Plateau | | 3 | — | 13 | 3 | 1.37 | — |
| ■RTZ | | 571 | +3 | 688 | 469 | 5,721 | 4.6 |
| ♣Wicaya | | 1¼ | — | 3 | 1 | 0.94 | — |
| ♥Western & Pac C$ | | 13 | — | 86 | 7 | 7.13 | — |
| ♣Young Grp | | 16 | — | 118 | 4 | 2.41 | 21.7 |

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm +) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International.
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application.
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed, dealings permitted under Rule 535(2)
\# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
◆ Merger bid or reorganisation in progress.
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

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FINANCIAL TIMES
Weekend August 1/August 2 1992



## Governors concerned over pressure on university's finances

# LSE bids £65m for County Hall

By Andrew Adonis

GOVERNORS of the London School of Economics are worried about the viability of the £65m bid submitted yesterday for County Hall, the landmark London site it is seeking as its new headquarters.

At least one fears that the move could bankrupt the social science university unless it is supported by a direct government subsidy.

In cash terms, the LSE bid is almost certainly lower than the £60m sale price which was agreed with the *Japanese Shirayama* Corporation for the riverside building alone. This building comprises less than half the whole County Hall site.

The LSE believes that the "public interest" aspects of its bid justify the shortfall.

However several of its governors are understood to have expressed concern at a meeting on Thursday that some of the assumptions upon which the bid is based – notably the LSE's ability to dispose of its existing Aldwych site for about £100m within three years – are unrealistic.

They are also concerned that the cost of servicing a loan of up to £50m would put unsustainable pressure on the LSE's finances.

Mr John Ashworth, the LSE's director, is believed to have assured them that the offer was not irrevocable, although the government told the LSE last week that its bid should be "unconditional".

Mr Ashworth said his bid, submitted just before the government's end-of-month deadline, was "very sensible – not just financially, but in the national interest more broadly".

Hambros Bank, the LSE's financial adviser, said it was "entirely happy" with the bid, and was prepared to lend a "substantial" part of the sum.

However, the Universities Funding Council is believed to be unwilling to indicate support for the bid without further justification.

Mr Michael Howard, the environment secretary, will take a final decision by early September.

Mr Makoto Toyota, Shirayama's London agent, called for the bid's "immediate rejection", on the grounds that it was neither competitive nor unconditional. *Shirayama intends to pursue its* legal action for damages from the government for losses caused by the continued refusal to rule out an LSE bid.

The LSE bid enjoys strong cross-party support, but ministers are concerned at the financial implications. They will not be reassured by the view generally expressed by its supporters that its success will be essentially a political matter, reflecting on the government's determination to see the LSE become "Europe's social science university".

# Channel 4 fined for refusing to disclose source

By Robert Rice and Raymond Snoddy

CHANNEL 4 yesterday escaped possible sequestration of its assets and the threat of closure for refusing to reveal the source behind a television documentary on Northern Ireland.

Instead Lord Justice Woolf imposed a total fine of £75,000 on the channel and Box Productions, the company which produced Committee, a programme alleging systematic collusion between the Royal Ulster Constabulary and Loyalist death squads.

Channel 4 and Box, which argued that they could not identify their main source without endangering his life, will also have to pay costs estimated at between £150,000 and £200,000.

Lord Justice Woolf said in the High Court that Channel 4, which was found to be in contempt under the Prevention of Terrorism Act, should have borne in mind that the programme would undermine the reputation of the RUC and the rule of law – just what terrorists were trying to do.

But he had decided against sequestration of assets, which could have destroyed Channel 4 and Box, because it was clear they were not going to disclose the name of "Source A". The only alternative was a fine.

No one could doubt the dilemma the companies faced or their desire to co-operate with the law so far as they were able, the judge said. The fine was therefore substantially smaller than it might have been.

Even more significantly Lord Justice Woolf said there should be no further proceedings either against the companies or any individuals involved.

Sir Richard Attenborough, Channel 4 chairman, said the judges had recognised the dilemma the company had faced.

"Although they had no real option but to fine the companies for contempt, and although there remains a gulf between the views we and the court take on the duties of serious journalists, no draconian penalties were levied," he added.

Channel 4 chief executive Michael Grade, left, and chairman Sir Richard Attenborough leave the High Court yesterday after the company was fined for refusing to reveal a source's name

# Fraud Office scraps final Blue Arrow case

By John Mason

THE UK's Serious Fraud Office has finally abandoned its Blue Arrow prosecution by dropping proceedings against four City advisers still charged with fraud over the affair.

The SFO's widely expected decision to scrap the next two trials followed the Court of Appeal's criticism earlier this week that the first trial – which lasted a year and cost £35m – was a "costly disaster" which should never be repeated.

The four advisers who will now be acquitted of conspiring to mislead the markets are Mr Charles Villiers, former chairman of County NatWest, Ms Elizabeth Brimelow, County's former compliance director, and Mr Paul Smallwood and Mr Tim Brown, former equities directors with UBS Phillips & Drew.

The SFO decided there was no longer any public interest in prosecuting these four in the light of the appeal court's criticism, made during its judgment explaining why it was quashing the convictions of four other advisers found guilty of conspiracy to defraud.

Mr Nicholas Purnell QC, who brought the ill-fated prosecution for the SFO, will tell the trial judge, Mr Justice Brooke, on Monday that no evidence will be offered against the remaining four. The decision to drop the charges came as no surprise in the City. One regulator commented: "In the light of the outcome of the first trial the SFO could not have done anything else. It would not have been fair."

It is widely accepted that the four played only peripheral roles in County's and UBS Phillips & Drew's handling of the issue.

Neither Mr Smallwood nor Mr Brown was available for comment yesterday, but a UBS Phillips & Drew official said the firm was "absolutely delighted".

The company still employs the two men, though neither has been involved in investment work since their arrests in November 1989. Curbs placed on their working by the Securities and Futures Authority are expected to be lifted next week.

Neither Mr Villiers nor Ms Brimelow would comment yesterday. Mr Villiers is currently head of corporate development at Abbey National. Ms Brimelow has been out of work for almost three years.

The dropping of the prosecution does not quite mark the end of the Blue Arrow affair. The findings of the Department of Trade and Industry inquiry into the role played by National Westminster Bank's top management should be released this year.

## Bangkok citizens driven potty

Continued from Page 1

the motorcycles have started to get stuck. On Wednesday night, some commuters simply stopped at the nearest restaurant and enjoyed an unscheduled meal while waiting for the roads to clear.

Bangkok's traffic congestion threatens to choke the country's dynamic economy. Some expatriates have moved to the efficient and less polluted island of Singapore, rather than struggle to reach meetings in Bangkok.

Work on two mass transit projects – both including elevated railways – is expected to start shortly, but it will be several years before they relieve the congestion on the roads. In fact, the construction work will make matters worse.

## Treasury defends sterling

Continued from Page 1

The chancellor and the Bank governor were supported in their campaign to bolster sterling by Sir Jeremy Morse, chairman of Lloyds Bank.

Sir Jeremy said the pain inflicted by ERM discipline would have to be endured to reach the goals the government wanted.

"We are suffering the same pain that other countries did years ago," he said. He poured cold water on the chances of a realignment of currencies in the ERM, unlike Mr Pearse and Sir Denys, who urged the government to work for such a move.

After losing about one pfennig against the D-Mark in early European trading, the pound recovered to close unchanged in London at DM2.8425.

### CHIEF PRICE CHANGES YESTERDAY

| | | | |
|---|---|---|---|
| **FRANKFURT (Dm)** | | | |
| **Rises** | | | |
| Aachen Mch Reg | 705 | + | 35 |
| Didier-Werke | 150 | + | 7.5 |
| Heideib Zem | 871 | + | 41 |
| Lahmeyer | 710 | + | 25 |
| **Falls** | | | |
| Colonia Konzn Pf | 440 | – | 40 |
| Douglas Hldg | 530 | – | 30 |
| **New York ($)** | | | |
| **Rises** | | | |
| Dell Computer | 22 7/8 | + | 2 1/4 |
| **Falls** | | | |
| Apple Computer | 46 3/4 | – | 1/2 |
| Aetna | 43 1/8 | – | 1 1/2 |
| Bristol Myers | 69 1/8 | – | 3/8 |
| McDonnell Dgls | 36 3/8 | – | 3 3/4 |
| Paramount Comm | 45 | – | 2 3/8 |
| New York prices at 12.30pm | | | |
| **Paris (FFrs)** | | | |
| **Rises** | | | |
| Fonc Lyonnaise | 605 | + | 41 |
| **Falls** | | | |
| AGF | 406 | – | 24 |
| LVMH | 3580 | – | 135 |
| Merlin-Gerin | 449 | – | 23 |
| Schneider | 566 | – | 29 |
| Worms Cie | 272 | – | 13 |
| **Tokyo (Yen)** | | | |
| **Rises** | | | |
| D'Urban | 507 | + | 50 |
| Iwatsu Electric | 369 | + | 39 |
| L Kakuei | 250 | + | 23 |
| Nichimo | 304 | + | 30 |
| Nippon Kasei Ch | 290 | + | 30 |
| Toyoda Auto Lm | 1300 | + | 140 |
| **London (Pence)** | | | |
| **Rises** | | | |
| AIM | 165 | + | 9 |
| Cimten Cards | 86 | + | 10 |
| Fisons | 176 | + | 5 |
| Forte | 157 | + | 7 |
| Gibbs Mew | 160 | + | 12 |
| London Intl | 136 | + | 16 |
| Manders | 239 | + | 10 |
| MEPC | 236 | + | 10 |
| Riva | 18 | + | 3 |
| WPP | 40 | + | 6 |
| **Falls** | | | |
| ABI Leisure | 58 | – | 10 |
| Airtours | 242 | – | 11 |
| Allied Colloids | 166 | – | 8 |
| BMSS | 97 | – | 7 |
| British Gas | 240 | – | 6 1/2 |
| Capita | 354 | – | 20 |
| Euro Disney | 875 | – | 33 |
| Flextech | 160 | – | 13 |
| Lloyds Bank | 401 | – | 23 |
| Lovell (YJ) | 8 1/2 | – | 2 |
| Medeva | 169 | – | 7 |
| OMI Intl | 12 | – | 5 |
| Pepe | 24 | – | 5 |
| Shanks McEwan | 164 | – | 9 |

### World Weather

UK Today: A cloudy start over much of England and Wales, with patchy rain, especially in the west. Some sunshine in eastern England. Cloudy with rain in Scotland, but becoming brighter over eastern counties.

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 30 | 86 |
| Algiers | S | 37 | 99 |
| Amsterdam | S | 23 | 73 |
| Athens | S | 30 | 86 |
| Bahrain | S | 36 | 97 |
| Barcelona | S | 27 | 81 |
| Beijing | C | 31 | 88 |
| Belfast | S | 20 | 68 |
| Belgrade | S | 32 | 90 |
| Berlin | F | 26 | 79 |
| Biarritz | S | 33 | 91 |
| Birmingham | S | 22 | 72 |
| Blackpool | S | 21 | 70 |
| Bombay | C | 31 | 88 |
| Bordeaux | S | 32 | 90 |
| Boulogne | S | 23 | 73 |
| Bristol | S | 24 | 75 |
| Brussels | S | 24 | 75 |
| Budapest | S | 31 | 88 |
| Buenos Aires | | – | – |
| Cairo | S | 34 | 93 |
| Cape Town | S | 22 | 72 |
| Cardiff | S | 23 | 73 |
| Chicago † | C | 15 | 59 |
| Cologne | S | 27 | 81 |
| Copenhagen | S | 19 | 66 |
| Corfu | S | 31 | 88 |
| Dallas † | F | 21 | 70 |
| Dublin | S | 19 | 66 |
| Dubrovnik | | – | – |
| Edinburgh | F | 18 | 64 |
| Faro | S | 27 | 81 |
| Florence | S | 34 | 93 |
| Frankfurt | F | 27 | 81 |
| Geneva | S | 31 | 88 |
| Gibraltar | C | 24 | 75 |
| Glasgow | F | 19 | 66 |
| Guernsey | S | 22 | 72 |
| Helsinki | S | 23 | 73 |
| Hong Kong | F | 28 | 82 |
| Innsbruck | S | 31 | 88 |
| Inverness | F | 17 | 63 |
| Isle of Man | S | 17 | 63 |
| Istanbul | S | 27 | 81 |
| Jersey | F | 25 | 77 |
| Johannesburg | S | 13 | 55 |
| Las Palmas | C | 22 | 72 |
| Leeds | S | 24 | 75 |
| Lisbon | S | 26 | 79 |
| Locarno | S | 30 | 86 |
| London | S | 25 | 77 |
| Los Angeles † | C | 19 | 66 |
| Luxembourg | F | 25 | 77 |
| Madeira | C | 21 | 70 |
| Madrid | S | 28 | 82 |
| Majorca | S | 33 | 91 |
| Malaga | S | 29 | 84 |
| Malta | S | 33 | 91 |
| Manchester | S | 23 | 73 |
| Melbourne | C | 10 | 50 |
| Mexico City | | – | – |
| Miami † | S | 28 | 82 |
| Milan | S | 31 | 88 |
| Montreal † | C | 16 | 61 |
| Moscow | F | 22 | 72 |
| Munich | S | 30 | 86 |
| Nairobi | F | 23 | 73 |
| Naples | S | 34 | 93 |
| Nassau | | | – |
| Newcastle | C | 18 | 64 |
| New Delhi | F | 33 | 91 |
| New York † | C | 22 | 72 |
| Nice | S | 30 | 86 |
| Nicosia | S | 31 | 88 |
| Oporto | S | 29 | 84 |
| Oslo | F | 19 | 66 |
| Paris | S | 30 | 86 |
| Perth | S | 18 | 64 |
| Prague | R | 18 | 64 |
| Reykjavik | R | 10 | 50 |
| Rhodes | S | 31 | 88 |
| Rio de Janeiro | | – | – |
| Rome | S | 31 | 88 |
| Salzburg | S | 31 | 88 |
| S Francisco † | C | 14 | 57 |
| Seoul | C | 28 | 82 |
| Singapore | F | 30 | 86 |
| Stockholm | F | 20 | 68 |
| Strasbourg | S | 33 | 91 |
| Sydney | S | 18 | 64 |
| Tangier | F | 26 | 79 |
| Tel Aviv | S | 31 | 88 |
| Tenerife | F | 26 | 79 |
| Tokyo | S | 33 | 91 |
| Toronto † | R | 14 | 57 |
| Tunis | S | 35 | 95 |
| Valencia | S | 30 | 86 |
| Vancouver † | S | 17 | 63 |
| Venice | S | 30 | 86 |
| Vienna | S | 32 | 90 |
| Warsaw | F | 30 | 86 |
| Washington † | F | 25 | 77 |
| Wellington | F | 13 | 55 |
| Zurich | S | 30 | 86 |

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

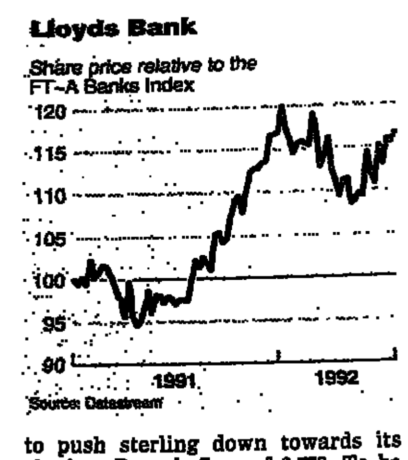
# Gas turns up the heat

British Gas's decision to submit itself to the Monopolies and Mergers Commission is of central importance for the UK's privatised utilities as a class. British Gas may be in some ways a special case. It is the only utility to have suffered a breakdown of relations with its regulator. But that makes it the ideal test case on how far and how frequently a regulator can change the rules. It is also the purest monopoly of the lot: the others either suffer competition at the consumer level, like BT, or are broken into regional monopolies like water and electricity. But that makes Gas the ideal subject for establishing the central question of what *kind of rate of return a monopoly* should enjoy.

For the other utilities – BT especially – the effect is that of a free ride at Gas's expense. Going to the MMC is a fairly desperate expedient, given the risk of an adverse ruling and the burden on senior management time. It is not clear whether Gas did so because of stubborn resistance to change, or in the realisation that the regulatory impasse was making change impossible. Either way, it could ultimately benefit from the experience, not least in being obliged or allowed to slash costs in the BT manner.

Investors must now resign themselves to a becalmed share price until the spring. But an MMC reference was mostly in the price already. There is always the chance that the findings will change Gas still further from the animal described in the original prospectus. But for investors, as for the management, there is value in knowing where they stand.

FT-SE Index: 2399.6 (-12.0)




## Sterling

Perhaps Mr Brian Pearse of Midland Bank and Sir Denys Henderson of ICI would be better advised to keep their mouths shut about the exchange rate. Their complaints this week about the economic cost of maintaining sterling's level within the ERM elicited no sympathy from the Treasury. But they have contributed to a growing malaise in the currency markets. If that continues, the government may find itself under pressure to raise interest rates, which can scarcely be what the two men intended.

Part of the trouble is that the exchange market has begun to doubt the government's resolve following the speed with which it moved to ensure that Cheltenham & Gloucester withdrew its recent mortgage rate rise. That makes the market more inclined to push sterling down towards its absolute D-mark floor of 2.778. To be sure, there are still more than 6 pfennigs to go. But sterling already needed official support against the Portuguese escudo yesterday.

Sharply higher Italian interest rates have made it expensive to sell the lira short. That is conspicuously not the case with sterling. Nor does uncertainty over September's French referendum on the Maastricht treaty help. When ERM stability was accepted by the market, currencies at the bottom of the system could only move up. That no longer applies when the system itself is in doubt.

## Lloyds Bank

Lloyds Bank must have been disappointed to see its shares fall more than 5 per cent yesterday after it raised its interim dividend by nearly 10 per cent. After all, its net return on equity is a highly respectable 16 per cent, the all-important tier 1 capital ratio is pushing 7 per cent and bad debt provisions against large corporate loans are at their lowest level for more than two years. The trouble is that these factors have for some time allowed the shares to trade at a premium of 100 per cent and more to net assets. What the market was not prepared for was the 6 per cent fall in operating income.

Coming a day after a similar disappointment from Midland, Lloyds' interim results add to the impression that a dearth of income is becoming a problem for the British banking industry which no amount of cost-cutting can disguise. True, Barclays and National Westminster are not expected to show the same shrinkage in their loan books next week, but Lloyds is the bank to which investors look for strategic vision. It may be right that lower interest rates reduce the amount it can earn on its interest-free capital and that some low-yield business is not worth keeping anyway. Beyond that, however, the answers are hardly original: keep trimming expenses and hope that loan demand will revive.

It is thus easy to see why Lloyds was so interested in acquiring Midland. The merger would have given it both extra income and new costs to cut. Unfortunately, there are no obvious alternative candidates. But investors are not without some consolation. For the time being the bank has plenty of resources – including £930m in surplus provisions for developing country debt – with which to finance further increases in its dividend.

## Lex Service

Interim figures from Lex Service should dispel some of the more wildly pessimistic stories about the UK car market. The company's forecast of August car sales slightly higher than last year suggests a national total for the month in the region of 380,000, in line with yesterday's estimate from the Society of Motor Manufacturers and Traders.

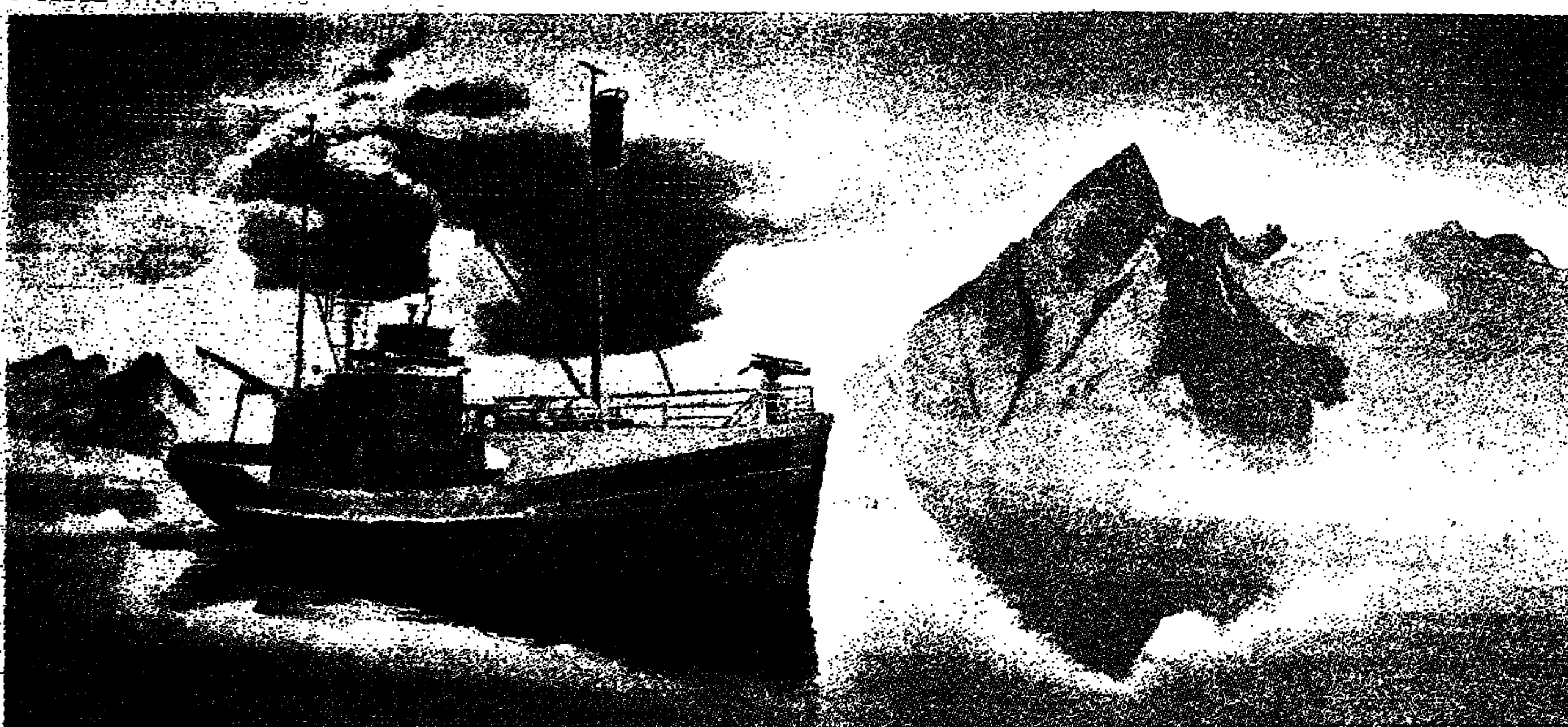
However, it remains unclear what impact the August rush will have on aggregate second-half margins. Overproduction in anticipation of a more solid recovery in consumer spending could still lead to an overhang of inventory on the forecourts come the autumn, which would only be cleared by discounting. Although the industry claims to be more rational than in the 1980s, such lingering doubts may explain the recent lacklustre performance of Lex's shares. Having outperformed the market by 21 per cent between January and May, they have since lost almost all of this advantage.

Even assuming a good August, Lex is unlikely to repeat the first-half pretax figure of £16m, especially given the loss of the Volvo concession. There must be some doubt about its ability to continue equity-accounting the contribution from Arrow Electronics which was £4.6m in the first half. Against this, a more realistic view of residual values allowed the group to make a respectable return on leasing and the integration of Swan National appears to be proceeding smoothly. Assuming the final dividend is held, a prospective yield of 6.3 per cent looks undemanding.

Weekend FT

SECTION II

Weekend August 1 / August 2 1992



# Return of the whale killers

***Bronwen Maddox** visits Norway's remote Lofoten Islands to meet the men eager for the hunt*

DR TORE HAUG'S voice crackles over the radio link from Spitzbergen, half-way between Norway and the North Pole: "Our boats have caught 59 whales so far, but we are behind schedule because of the terrible weather and fog."

Haug is the 40-year-old scientist in charge of the six Norwegian whaleboats now at the centre of a fierce international dispute.

His 12-man team on board the *Asbjorn Selsbarne (Child of the Seal)* has killed 14 minke whales in the past three weeks, hunting around the clock under the midnight sun. The whaleboats are now heading back to Norway – and back into the dispute.

At the annual meeting of the International Whaling Commission in June, Norway announced that it would resume commercial whaling next spring after a break of five years.

Norway's move threatens to undermine the fragile moratorium which most IWC members have observed since 1985 and Japan is expected to follow. Less than 48 hours after its announcement, Norway dispatched Haug's team to catch 110 minke whales for "scientific research". This is permitted under IWC rules, but considered by some to be a mere pretext for starting whaling immediately.

The resumption brought international condemnation particularly as Mrs Gro Harlem Brundtland, Norway's prime minister, has received dozens of environmental awards, earning her the tag of "the Green Queen". It might prove an obstacle to entry into the EC, the European parliament has said.

Is the Norwegian stance foolish and obstinate? Are campaigns to "save the whale" trying to protect the species or to protect every single whale – and are they more than a lobby of sentimental animal-lovers?

In the tiny whaling villages of the Lofoten archipelago, 150 miles inside the Arctic Circle and four hours from the mainland, the answer is emphatic. "We have to earn our living from the sea – we don't like being called barbarians", says Arne Lauritz Bendiksen who has hunted whales for 39 of his 54 years, first with his father and then with his three sons.

He lives in Reine, the village at the south of the islands which could claim to be Norway's whaling capital, with six of the country's 55 registered whaleboats.

It is beautiful and harsh: 150 wooden houses strung along a crescent of flat land between jagged black mountains, pervaded by the smell of fish and sewerage. The road peters out after a few kilometres at the village of Aa. Hugging the shore is the Maelstrom, the ferocious tidal current which horrified Jules Vernes in *Twenty Thousand Leagues under the Sea*.

Until 1987 almost a third of the men from Reine's 30 families were whalers. That year the Norwegian government bowed to international pressure to halt commercial whaling – two years later than most countries – until research could determine their numbers.

Roald Olsen, out in his 65-foot boat, the *Malnesfjord*, is searching for the minke which he hopes to kill next season. "Keep looking for the curve of his back in the water", he says from the bridge. The tripod on the bow is empty now, but by spring it will be fitted with four-feet-long metal shafts, with orange grenades screwed to the tip.

The grey-and-white minke whales are hard to spot: only 20 feet long, they rarely spout and their tiny dorsal fin hardly cuts the water.

Suddenly a shout from the crow's nest: a young whale has been tempted close to shore by the low tide. The boat lurches round in pursuit, but the whale, 100 yards away, dives. "Sometimes he is cleverer than me," says Olsen ruefully. "I am just waiting for next spring."

The 1987 ban hit the community hard. "It was a great loss in my life" says Bendiksen. "We used to call it whale sickness – the fever that would grip all the men here in April before the season started."

"But the worse damage was to my wallet," he says, grimacing. "The permits were like money in the bank."

Before the 1987 ban, the whalers sold the slabs of bright red meat to traders on nearby Skrova island for Norwegian and Japanese supermarkets. "It is like the best beef you ever had," say the occupants of the Gammelbua, Reine's main bar. On Skrova an average minke would fetch around 30,000 kroner (£2,700); although that price seems sacrilege to many whale lovers, it was bounty to the Reine fishermen.

In 1987 Bendiksen says he made around 200,000 kroner. Whaling contributed 60 per cent; catching haddock, cod and caplin in the 24-hour darkness of the winter, less than half. Fishing all year round has proved a poor substitute for whaling, he says, although the government has paid half the cost of new cod nets to help compensate.

But however much the end of the ban is appreciated by the Lofoten whalers, they number only a few hundred. The Norwegian government is the first to say that the motive behind its decision was not money.

Whaling is not actually economically important to us," says Helga Hernes of the Foreign Affairs Ministry. In 1987, the last year of Norwegian commercial whaling, its catch of 387 whales made the country only 13m kroner, around £1.2m, mainly from selling whale meat to Japan. Instead, it is a question of the right to preserve a cultural heritage, the ministry says, arguing that "Norway has always made its living from marine resources."

A minke whale killed by a Lofoten whaleboat before the ban

Norway's resumption of whaling pre-empted a judgment by the IWC of whether the minke whale had recovered enough from intensive hunting in the 1950s and 1960s to be caught without endangering its numbers. Norway claims that its action is environmentally sound as there are now enough minke whales off its coasts to "harvest" in line with the Rio environmental summit's principle of the "sustainable use of the environment".

Its scientific arguments that the minke is not endangered are good ones – although less complete than it claims – but it has undermined its case by impatient and insensitive diplomacy. This summer the IWC scientific committee formally accepted an estimate, based on Norwegian data, that there are some 86,700 minke whales in the northeast Atlantic. That is a "best guess": the model gives a 95 per cent chance that the total lies between 61,000 and 120,000.

Acceptance of that figure marks a triumph for the Norwegian delegation to the IWC. It had argued steadily that research in 1987 which suggested that only 20,000 whales were left was wildly inaccurate.

The debate has raged because it is difficult and expensive to work out how many whales there are. For two years Norway sent out boats from its marine institutes to count whales systematically, crossing and recrossing the sea in a grid, at a cost of 30m kroner. They spotted several thousand whales; the institutes had to conduct more studies on how long whales stay underwater and other crucial assumptions in order to project the total population from that small sample.

The IWC's acceptance of the data put some weight behind Norway's case that regular "harvesting" would not jeopardise the northeast Atlantic minke whale. But Norway promptly weakened its case by refusing to wait for the IWC to agree a quota or inspection procedures.

Norway says it will itself run the IWC model of how fast minke whales breed and set itself a safe catch limit.

The "finger in the wind" guess from one IWC executive is that the eventual figure is likely to be between 600 and 1500 next spring, which tallies with the Lofoten fishermen's expectations.

So far the Norwegian government has refused to comment, thus preventing any serious scientific discussion of whether its chosen "harvest" will be safe for the whales. It seems premature for it to claim "we have science on our side".

Norway explains its impatience by saying that the IWC has been hijacked from its task of setting safe quotas by countries which are opposed to any whale killing at all. It has some cause for frustration, given the members' past difficulty in reaching agreement. Indeed, the two arguments have often become entangled. But it has done itself no favours in the way it dismisses its opponents views as "sentimental and emotional arguments based on animal rights", in the words of the foreign ministry.

The proprietor of the Gammelbua bar demands "what about Spanish bullfighting? And what about your Prince Philip and his fox-hunting? Why pick on whales – they are not special," he says.

"Our problem is that in the past two decades the whale has become an urban totem," says Georg Blichfeldt, secretary of the High North Alliance, a pro-whaling lobby based in Reine. "It is cultural imperialism to impose these foreign values on us."

Those arguments have a long pedigree and a catholic set of advocates. The Marquis de Sade, one of the most succinct, declared "morals are geography misapplied". It is fashionable, widely marketed under the label of cultural relativism, to argue that one culture's standards are not preferable to another's. But it is hard for the Norwegian government to claim the moral high ground. It may complain of other countries' totems but it has itself made a totem out of its whaling traditions, now practised by a tiny fraction of its people.

Its abrupt rejection of its opponents arguments also does not do justice to the strength of feeling that whales arouse around the world. Hundreds of thousands of pounds are regularly spent rescuing beached whales, and in the past week a British diver has pledged to raise £250,000 to release a Beluga whale, nicknamed Brightness, into the Black Sea. Both Jonah and *Moby Dick*, neither urban nor contemporary, point to the history behind that fascination.

Politics is more likely than moral pressure to bring a resolution to the battle. International sympathy for whales may mean little to Lofoten islanders, but it cannot be ignored by the Norwegian government, particularly if it intends to apply to join the EC.

So far the Norwegian stand has been expressed in terms of high principle. But it would be disingenuous for the government to argue that survival of the fishing communities is its only motive; the survival of Mrs Brundtland's precarious minority-government Labour Party, is also at stake. Her party has seen its support collapse in the coastal towns partly because of its plan to take Norway into the EC, which coastal towns see as a

■ Continued Page VII

*Additional research by Karen Fossli*

## CONTENTS





The Long View/**Barry Riley**

# Secrets of the drug culture

*AMID another wave of Olympic drug-taking scandals there are fears that the problem is spreading to the financial markets. Various novel substances are being tried out, and scientists are racing to develop new detection methods...*

**Lamontose**

A derivative of the drug *Majorin*, this controversial hallucinogen has pain-killing qualities that enable those taking it to carry on marathon-style beyond the normal limits of endurance. In fact it is almost impossible to persuade them to stop, whatever damage they are doing to themselves or others. Common side-effects include green streaks in the vision which can progress to cause almost complete blindness. Ultimately the drug can lead to permanent deep depression.

**Thatcheronol**

Has recently appeared at secret acid house parties as an antidote to Lamontose. Produces dramatic clarity in the vision, and those swallowing this concoction achieve a feeling of great certainty and self-confidence. It may one day be legitimised in the UK, but the chances of Thatcheronol ("Blue Hearts") ever being approved in Continental Europe are regarded as non-existent, because of total incompability with German cold water treatment.

**Devalium**

Often taken as part of a potent cocktail with Thatcheronol, or its close cousin *Tebbitin*, Devalium is a version of an old stimulant banned some years ago in most of Western Europe (though still popular in the US and parts of Scandinavia). It is sometimes prescribed as a last-resort method of getting people out of bed and back to work; best avoided, but occasionally resorted to as a result of a wild weekend.

**Natsaverine**

Normally a legitimate and harmless enough financial sedative taken in small quantities by mostly old people, this has proved to have unsuspected qualities when increased in dosage and taken in conjunction with *Cheltenum G*, another tranquiliser with which it tends to react quite violently. In fact the government has panicked over this development, and the product has been withdrawn by the manufacturer and replaced by a weaker version, *Natsaverine 2*, reckoned to be inoffensive.

**Maastrichterone**

Appeared on the Dutch narcotics scene with much publicity at the end of last year. After injection with this powerful artificial hormone even ageing politicians and European Community officials have acquired aggressive, masculine characteristics and have gained added weight and power. However, newer and even more powerful drugs such as *Danabol-N* and the still untested *Francenon* (due on the market in September) may render Maastrichterone obsolete.

**Danabol-N**

This powerful derivative of *referendenol*, a traditional Swiss remedy for weakness and indecisiveness last made widely available in the UK by Harold Wilson's second government, appeared unexpectedly in Denmark in June and is believed to have taken European financial markets by storm. Can permit swift muscle-building by small peoples. The Brussels regulators appear to have been taken by surprise but may not be able to rule Danabol-N illegal.

**Frankfurtone**

Slap-on anti-inflammatory remedy widely used in conjunction with German ice-cold water and mud-bath therapy. It is considered excessively powerful by many other Europeans as in some circumstances it can lead to loss of circulation and even partial paralysis. It comes in two isomers, and L-Frankfurtone (currently recommended for application as a 9¼ per cent solution) is regarded as more significant than the D-form (8¾ per cent). A disadvantage is that it may take a long time to work, but the Germans are unconcerned about the damaging side-effects. Banned in the US and Japan.

**Beta-statistiform**

Anti-depressant formula which has a following among certain government ministers and top civil servants. It can, for instance, make unpalatable numbers appear attractive. Often prescribed for economy, and prices can be made to appear low though they can vary according to interest levels. This treatment came under suspicion when it was applied to large numbers of unemployed people and many mysteriously disappeared, but nothing was proved.

**Imrolin**

Mind-bending drug from Maxwell Laboratories rumoured to be taken by financial regulators to relieve the tedium of their job. Tell-tale signs include a tendency for the eyes to glaze over and the head to nod uncontrollably up and down. Highly addictive, although abusers may eventually be switched over to the less damaging *Sibrulin* (large doses are now considered necessary under a new regime). If the Imrolin addict does not respond quickly, early retirement may be the only practical answer.

**Programmerol**

An alternative pick-me-up treatment enjoying something of a vogue amongst computer software engineers, the joke being that they need it to help them cure computer viruses. The most significant effect is a tendency towards optimism which causes addicts to build strong recoveries into economic models and this may explain some of the recent errors by City forecasters. But now most are said to be back on nothing more mind-bending than aspirin.

**Electorin**

Detection-beating treatment designed to cleanse the system of controversial elements. If this works the drug user can then expect four or five years in which he can go back to his bad old ways before being tested again. For instance, John Major appears to have survived tests for *Lamontose* and, rumours have it, *Maastrichterone* (though some believe he opted out of this particular treatment) but in the US George Bush may not find it so easy. He is reckoned to be something of a *devalium* junkie.

**Divimor**

Pleasure-enhancing extract which has been very popular amongst unit trust companies and pension fund managers. But manufacturers are being forced to cut output because of a shortage of ingredients. Addicts could face some rather nasty withdrawal symptoms.

MARKETS

London

# And now for yet another sterling effort

**by Maggie Urry**

*To Mr Roger Gibbs, chairman of Wellcome Trust:*

Dear Mr Gibbs,

I hear you are looking for someone to manage the £2bn-plus cash you raised this week when you sold 270m of your Wellcome shares. I would like to apply for the job. Perhaps I should tell you the way I am thinking about the stock market just now, and give you some idea of how I would invest your money.

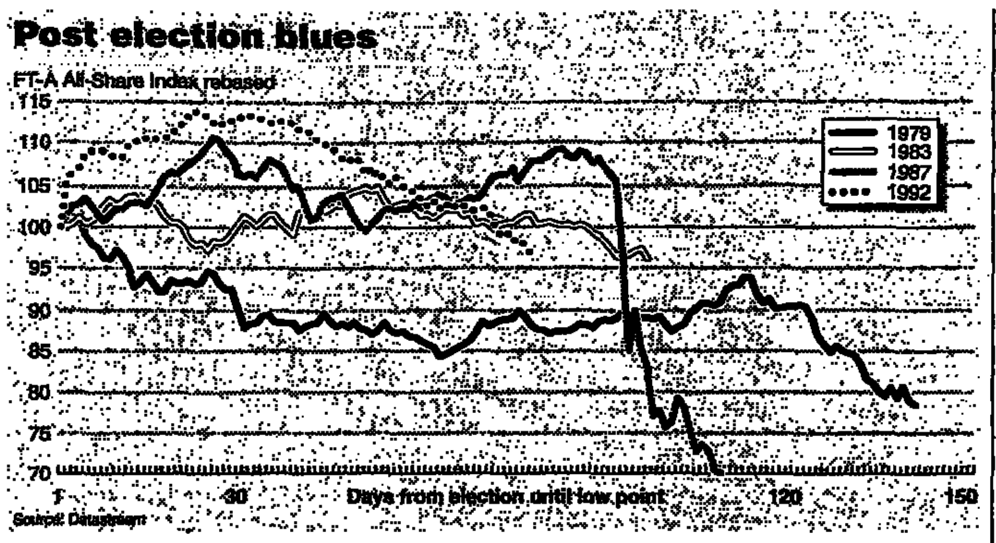
I know you want to increase the yield you get on your investments so that you can spend more on medical research. I understand you are planning to put £500m or so into an indexed fund to start off with, and hope to get about 40 per cent of the cash into equities over the next nine months. You will be putting the rest into fixed-interest stocks. Then, I hear, you are looking to have about 80 per cent in shares two years from now.

Well, I have to say I cannot see out two years at the moment. My horizons have got rather shorter of late. In fact, I am not sure I can see anything beyond the next few months.

It strikes me that the recession is turning even nastier. Look at the man in the street. House repossessions are still bad and mortgage arrears are rising, so where does that put the consumer-led recovery? The CBI survey this week showed that companies are not cheerful, either.

Everyone thought that company chairmen would be making more optimistic noises over the next few weeks as they announced their interim results. But, already, we have had some gloomy remarks.

Take ICI. Sir Denys Henderson is a clever chap. He managed to get his own share price up by saying he was thinking about demerging the business. At the same time, though, he hit the market with news that profits were down and would have been much worse but for the redundancies his company has made. Trading is still weak, he says, and he cannot predict the end of the recession.




And listen to what the banks are saying. Midland and Lloyds both reported figures this week. Although bad debts are down a bit, activity is at a low level. New loans are not being made at anything like the rate which would suggest that companies are beginning to expand again.

Now look at the equity market. It has been falling pretty well non-stop since post-election euphoria ran out in May. True, it did bounce for a couple of days this week and reached 2,423.2 on Wednesday. But, by last night's close, the Footsie was back under 2400 at 2399.6, up only 22.4 on the week.

The rally on Tuesday and Wednesday was down partly to you putting some of that cash into the market. Wall Street was going up, too, which always helps. And, on Wednesday, BAT Industries announced a big rise in earnings. I would not read too much into BAT's profit increase, though; much of it was just recovery from the dreadful losses it had made on its mortgage indemnity insurance.

So, I reckon that rally was just a brief respite in the downward trend. I have to admit here that I got that idea from Nick Knight, the Nomura strategy guru. He was right to be bearish when most of the other stockbrokers were trying to get people to buy shares after the election. Now that the others have reduced their forecasts for the market, he has cut his again.

He has worked out that, in each of the past three election years, the market has fallen quite sharply from a post-election high. The average fall is 21 per cent. And, so far, the Footsie has fallen only 12 per cent from the high in May. So, he says, it would have to go down to about 2,150 just to fall by the average. What would drive the market down that far, you ask? Well, Nick thinks the UK is heading for a sterling crisis (you remember them, we used to have them regularly before the pound went into the European exchange rate mechanism).

Sir Denys of ICI and Brian Pearse at Midland Bank both put in their oar on Thursday, saying we should devalue sterling in the ERM and then interest rates could come down. Sir Kit McMahon was saying much the same thing in the *Financial Times* 10 days ago and he used to be number two at the Bank of England, so he ought to know. It gets rather hard for the government to maintain any credibility for its stance on the exchange rate when top people are saying that sort of thing. And Norman Lamont does not seem to be doing a great job as chancellor of the exchequer in calming fears. Indeed, some say he is so relaxed he is horizontal.

The foreigners who buy and sell sterling may well think the time is right to get out. In the end, that could mean higher UK interest rates, not lower, and then the recession will turn into a slump.

If the government is forced into abandoning its zero inflation target – and the sooner the better, I say – then your long-term plan to be in equities looks a good one. But I am a bit worried about your keenness to buy gilt-edged stock at the moment, though.

I realise I am on tricky ground here, as you know all about gilts from your time running that discount house Gerrard & National. But the government is going to have to issue an awful lot of gilts this year; and if sterling came under pressure and interest rates had to rise, I do not think that gilts would do terribly well. Anyway, you can get pretty much the same rate of interest by putting the cash on deposit, or by buying gilts issued by other governments. I hear the French ones are quite attractive.

I expect you would like to know what my track record is as an investor. I have to confess my investment in residential property is not doing too well. On the other hand, the cash I have in the building society is as safe as the houses it is lent on.

I look forward to hearing from you.

**HIGHLIGHTS OF THE WEEK**

| | Price y'day | Change on week | 1992 High | 1992 Low | |
|---|---|---|---|---|---|
| FT-SE 100 Index | 2399.6 | +22.4 | 2737.8 | 2348.0 | Wall Street recovery |
| AB Electronic | 70 | -7 | 103 | 58 | TT stake speculation |
| Airtours | 242 | +18 | 337 | 203 | Holiday bookings surge |
| Amstrad | 25½ | -3 | 44 | 23 | Adverse press comment |
| BOC | 597 | -41 | 734 | 596 | Dollar worries/downgrade |
| BP | 212½ | +5½ | 304 | 195 | US buying |
| Clifford Foods | 403 | -55 | 519 | 400 | Company's profit warning |
| Euro Disney | 875 | -120 | 1693 | 865 | Losses/Airtours cancellation |
| Guinness | 535 | +18 | 644 | 504 | EC excise duty ruling |
| Hammerson A | 216 | -42 | 503 | 212 | Covenant worries/BZW downgrades |
| ICI | 1163 | +65 | 1410 | 1068 | Demerger plan |
| Lasmo | 133 | +16 | 263 | 112 | Maintained int/good figures |
| Northern Foods | 546 | -34 | 635 | 496 | County trims profit forecast |
| Tate & Lyle | 295 | -27 | 443 | 287 | Overcapacity in US sweetener |
| Wilson Bowden | 283 | -19 | 481 | 280 | Housebuilding outlook bleak |

Serious Money

# Why it pays to cut back a mortgage

***By Philip Coggan**, Personal Finance Editor*

THE AVERAGE Briton is saving, not spending, and reducing his debts, according to the statistics. This shows a lot of sense. With interest rates at 10 per cent and inflation under 4 per cent, real returns are over 6 per cent, very high by historical standards. Unemployment is rising and people are afraid of losing their jobs; all this makes it a good time to save and a bad time to borrow.

Many people, of course, are struggling to meet their present interest payments. But those fortunate enough to have savings should, apart from paying off such obviously high-cost debts as credit cards and overdrafts, not neglect mortgage repayment as a way to improve their finances.

There is generally little point, tax distortions apart, from having borrowings and savings simultaneously. Obviously, you should have some "rainy day" savings to meet unforeseen bills and spending on holidays or a new car. But it is highly unlikely you ever will get as much interest on your savings as you will pay out on your borrowings. This is especially true now as building societies seek to widen the margins between savers and borrowers.

What is more, the income from your savings normally will be taxable whereas the interest payments on your loan (except the first £30,000 of a mortgage) will not be tax-deductible. The result is a hefty net loss to you.

Take someone with a £35,000 mortgage who is paying a rate of 11 per cent. He is a top-rate taxpayer who also has £10,000 in the building society earning 10 per cent gross – a net rate of 6 per cent. If he took £5,000 out of the building society to pay down the mortgage, the resulting loss of interest income would be £300 a year. But the mortgage interest saving would be £550 a year, a net annual gain of £250. For a basic-rate taxpayer, the annual gain, on the same assumptions, would be £175.

Now, some might claim they can do better with their savings than simply leaving them in the building society. But they would have to achieve a gross return of 14.67 per cent (if a basic-rate taxpayer) or 18.33 per cent (if top-rate) to make it cost-effective not to repay their mortgages at 11 per cent. How many investors can be confident of doing so well?

Besides which, the beauty of paying down your mortgage is that it can be a virtuous circle. The monthly reduction in the interest bill gives the investor greater scope for saving – which can lead to further mortgage repayments.

*The days when it was smart to take out a big mortgage are over*

There is one important caveat. The lender might impose penalties or waiting periods on partial redemptions – and will almost certainly do so if you have a fixed-rate mortgage. The penalties might outweigh the benefits of repayment, so check with your lender and do your sums before you send off the cheque.

The calculations become more difficult once you deal with repayments of mortgages under £30,000. In the past, it has often been stated blithely that such a loan is cheap borrowing and represents a "good thing" for everyone. But the abolition of higher-rate tax relief has weakened this argument.

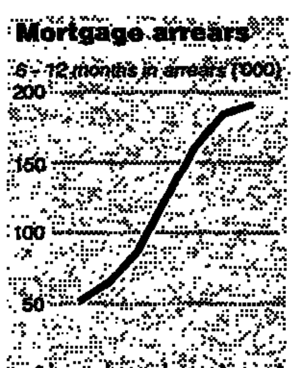
The effective cost of an 11 per cent mortgage to a taxpayer is 8.25 per cent. You certainly should be able to beat that return in a Tessa (although your investment will be limited to £3,000 a person in the first year and £1,800 thereafter). The zero preference shares of investment trusts also should offer a better return (although it will all come in the form of capital gain). An equity investor might hope to beat an after-tax return of 8.25 per cent a year although he could not be certain. But it is hard to think of an investment that will bring an immediate benefit equivalent to an 8.25 per cent tax-free monthly income, which is the effect of paying down the mortgage.

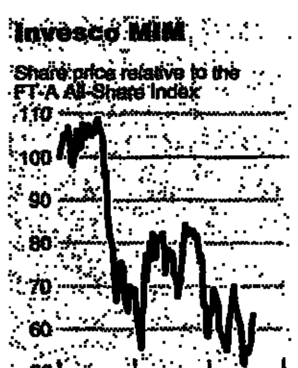
Nor is the money used to repay a mortgage lost for ever. The investor can always "gear up again" by increasing his mortgage loan next time he moves house, or even by re-mortgaging. Repayment also increases your equity in your home – and, thus, your security – in the event of further falls in house prices.

Mortgage repayment also could bring extra savings flexibility. If a borrower has used an endowment policy or some other savings vehicle, as security for the loan, it is now free to perform some other task such as school fee funding or retirement planning. Alternatively, the policies can simply be left as potential security for the home-owner's next move up the housing ladder. You certainly should not abandon an endowment policy in mid-term – that would be a surefire way of losing money.

The days when it was smart to take out as big a mortgage as possible, and wait for inflation to erode the cost, are over – at least until the next housing boom in the 21st century. Indeed, it could be very difficult to "get rich quick" over the next few years, whatever your chosen method of investment. Paying off part of your mortgage will not make you rich, but it could prove to be astute money management – and a simple way to improve your standard of living.

## AT A GLANCE




### Underlying problems worsen in the housing market

The underlying problems of the housing market are getting steadily worse and mortgage repossessions are set to run at alarming levels for the next few years. That was the bleak message from the Council of Mortgage Lenders this week. Although the number of homes repossessed in the first half of this year was slightly down, the figures for people with serious mortgage arrears are rising sharply. The number of people with mortgage arrears of more than 12 months has tripled since the end of 1990 and now stands at 113,860. A further 191,280 borrowers are more than six months behind with their mortgage payments. Even if half are saved, as the CML hopefully predicts, it now seems certain that repossessions could continue to run at around last year's level of 75,540 or more for the next two or three years.

### Stevens in Invesco MIM move

Lord Stevens has resigned from his post of chief executive at Invesco MIM, the fund management group formerly known as MIM Britannia. He will continue as chairman until next April. Invesco MIM has been dogged by adverse publicity over its role as a manager of Maxwell pension funds and over the problems of one of its investment trusts, Drayton Consolidated. The new chief executive will be Charles Brady, who built up Invesco's US operations.

### Scottish Amicable policies launch

Scottish Amicable has launched an ambitious range of critical illness and income replacement policies. This is an unusual step from a mutual Scottish office best known for its investment products, and suggests that competition in the area could broaden further.

The critical illness policy will pay out for heart attacks, strokes, cancer, paralysis, coronary artery disease requiring surgery, blindness, major organ transplants, kidney failure, multiple sclerosis, and total permanent disability to engage in any remunerative employment. The income protection plan has special benefits for relapses, and proportionate benefits for rehabilitation periods.

### Actuaries offer advice service

Chanlrey Financial Services and Wolanski & Co., the consulting actuaries, are offering a fee-based advice service for trustees and managers of final salary pension schemes. This is aimed particularly at those who have been made redundant, or are leaving for other reasons. The service will include an explanation of retained benefits, a concise explanation of the options available, and an opinion on whether a transfer would be in the member's best interests. The fee is £250 plus VAT per report per pension scheme member, and retainer fees are also possible.

### Smaller companies fall again

Small company shares fell again this week with the Hoare Govett Index (capital gains version) dropping 1.2 per cent to 1078.91 in the seven days to July 30 and the County Index dropping 1.4 per cent to 857.62 over the same period.

Wall Street

# Eager buyers ignore vote of no-confidence

WHO WOULD have thought it? Just as Wall Street was settling down for its annual summer slumber, and the red braces brigade were dreamily contemplating a month of quiet weekdays and long lazy weekends in the Hamptons, share prices took off this week in a frenzied orgy of buying not seen since the first days of the year.

In just two days, the Dow Jones Industrial Average jumped almost 100 points while the Standard & Poor's 500 index, the broadest measure of the market's performance, rocketed to an all-time high. And, after more than a week of light trading turnover – when it seemed many institutional investors had all but closed their books for the summer holidays – volume roared to extremely high levels as investors rushed into the market in the hope of catching the rapidly rising tide of prices.

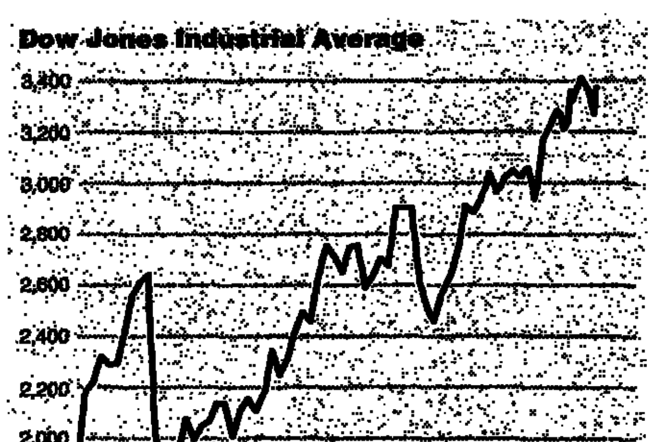
Oddly enough, the spark that lit the fire under stocks was a report of a sharp drop in consumer confidence. On Tuesday morning, the Conference Board announced that its index of consumer confidence plunged 11.6 points in July to 61.0, a decline that stunned analysts who had been expecting little change.

The stock market did not respond directly to the confidence numbers but, rather, to the reaction the figures triggered in the bond market. After months of refusing to push long-term bond yields lower because of fears about the outlook for inflation and concern about the size of the budget deficit, Treasury investors reacted to the consumer confidence report as if they had been struck by a mini-earthquake.

Amid heavy buying of longer-dated government securities, the yield on the benchmark 30-year bond finally dropped below 7.5 per cent after six months of hovering between 7.75 and 8. By yesterday, the 30-year was yielding just over 7.4 and still heading south.

In a moment, the bond market's inflation and deficit worries seemed to have disappeared.

It might seem premature to pass such a judgment after only a two-day rally, but Treasury market analysts claim that after the dreadful June employment report, a series of weak economic indicators out last month, and now the plunge in consumer confidence, investors suddenly have realised that inflation may not pose a threat to the value of their fixed-income assets for at least another year.




Equity investors were delighted at this sudden turnaround in Treasury market sentiment. For most of this year, the Federal Reserve, the Treasury, the White House, Wall Street economists, and almost anybody else with an opinion, have been complaining that stubbornly high long-term interest rates were one of the main reasons why the economic recovery was so sluggish.

The reasoning among those who were rushing into stocks this week was that if long rates are now finally coming down (and, more importantly, staying down), there is a compelling new reason to buy equities.

This assumes, of course, that substantially cheaper long-term credit will prove to be the effective economic stimulant the Fed and the White House have said, all along, it would. Lower long rates should stimulate all interest rate-sensitive investment, further ease the burden on corporations and consumers for their debt repayments, and bring down mortgage rates.

The economy is certainly in need of fresh life, judging by the latest gross domestic product figures released this week which put second-quarter GDP growth at 1.4 per cent, half the pace of the first three months and well below the growth rate seen traditionally after a recession.

While the economy stuttered in the second quarter, some of the country's biggest corporations fared better. The giant car manufacturers began releasing their latest results this week, and the news was good.

Chrysler kicked off on Tuesday with net earnings for the April-to-June period of $178m – not much of a return on sales and revenues of $9.3bn but a big improvement on the $212m loss incurred at the same stage last year. Ford followed the next day with a similar rebound, reporting net earnings of $502m compared to a year-ago loss of $324m.

The market greeted both sets of figures warmly, pushing Chrysler's stock $2¼ higher to $21¼ and Ford $1⅝ higher to $45⅝ over the week. General Motors' stock also rose in sympathy, and the final of the big three should be releasing its second-quarter earnings within the next week or so.

***Patrick Harverson***

| | | |
|---|---|---|
| Monday | 3282.2 | – 3.51 |
| Tuesday | 3334.07 | + 51.87 |
| Wednesday | 3379.19 | + 45.12 |
| Thursday | 3391.89 | + 12.70 |
| Friday | | |

The Bottom Line

# BT ebullient after disappointing results

FOR A company which reported its first quarter-on-quarter decline in sales since 1984, coupled with a 27.8 per cent decline in pre-tax profits, BT was in a surprisingly ebullient mood this week.

It was as if the telecommunications company was relieved to report a fall in profits and sales after running into so much criticism in the past for its unseemly profit increases.

However, it was not the avoidance of political criticism that relieved BT. It was the fact that the results could be used as further proof, that the present regulatory regime is tough enough.

Oftel has told BT to cut the price of a basket of its basic services each year by inflation minus 7.5 percentage points, compared with 6.25 points at present.

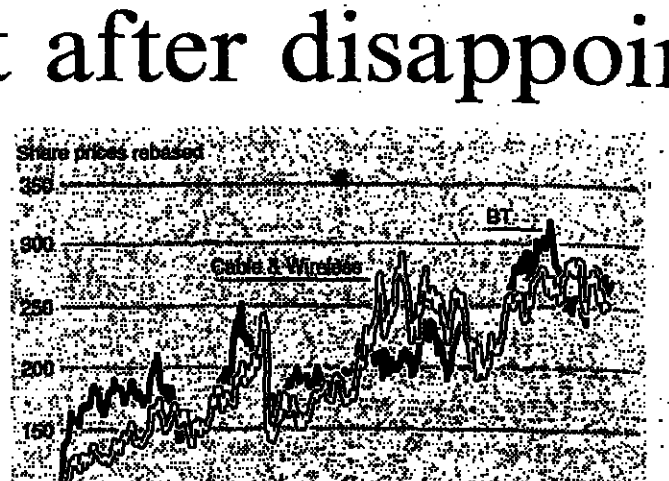
The company has also been told to ensure small retail customers share in the price cuts.

BT's believes its first quarter results, which saw pre-tax profits fall from £825m to £596m on sales of £3.27bn, down from £3.34bn, shows that the company is having a hard enough time under the existing price regime.

BT's shareholders no doubt see the point. A comparison of its shares with those of Cable & Wireless, the international telecommunications group, relative to the FT-Allshare over the last eight years, shows BT's shares underperforming those of its rival.

Mr Iain Vallance, chairman, said the proposed price regime was "extremely tough by any standard", and many of the detailed provisions would add to the proposals' negative impact on BT.

If BT fails to agree with Oftel, the only course available to the company is to allow the matter to be referred to the Monopolies and Mergers Commission.




Both BT and Oftel have recently talked privately about doing so. The MMC has the power to impose a solution.

However, given that as BT and Oftel have threatened to go to the MMC several times in the past, the present dispute seems to point to the two sides' tough negotiating stances rather than a total breakdown of talks.

What is clear is that Oftel, in spite of BT's disappointing result, will not negotiate over its price regime. It points out that it is not due to come into effect until August next year and then it would remain unchanged for four years.

Furthermore, while BT's results showed the effects of the recession, particularly on inland call volumes which fell by three per cent over the past three months, the profits were affected by non-recessionary factors.

There was the exceptional charge of £135m mainly relating to the loss on its divestment of its interests in Mitel Corporation, the troubled Canadian telephone equipment maker. Then there was £56m of redundancy costs relating to the voluntary retirement of 29,000 people.

BT has decided to cuts its workforce down to a size comparable with its competitors in the US. At beginning of the financial year the workforce was 210,500. By 1996 the figure could be reduced to 120,000.

It was no surprise to many telecommunication analysts that BT decided to speed up that process in the run-up to the new regulatory price regime.

It did not go unnoticed at Oftel that BT's cost cutting exercise, which affected this quarter's results, will increase the company's profitability in the future. As far as Oftel is concerned BT's results showed a very healthy and robust telecommunications company performing well in a recession.

Instead of asking how BT would fare under a tougher regulatory regime its poses a different question.

"Just think how BT would fare if there was no recession?" By next August 1993, when the proposed regulatory price regime is due to come into effect; the worse of the recession may be over.

***Roland Rudd***

# Equity risks put damper on prospects

***Philip Coggan surveys investment potential in world stock markets***


HOW SAFE is it for private investors to risk their money in the world's stock markets? There was some cheer this week when the *FT-SE 100 rose nearly 50 points* on Wednesday. But the UK market has fallen substantially over the summer, the Japanese market has been in retreat and the US market, although strong, is trading on valuations that would deter many British private investors.

Some think that the world economy is facing one of its deep periodical crises. Economist Andrew Tylecote spells out the arguments in another article on this page.

The bears claim the excesses of the 1980s are having their repercussions now. Companies and consumers are struggling to pay off debt; as a result, economic growth is sluggish. The problems are widespread.

■ *Japan: The Tokyo market is* now 60 per cent below its peak at the end of 1989. Each time foreign investors have proclaimed that the bottom has been reached, the market has proved them wrong. Successive interest rate cuts, including one this week, have failed to produce a revival.

Late in the 1980s, many Japanese stocks commanded stratospheric price-earnings ratios with the market p/e reaching 62 at the end of 1989, according to Datastream. Even after the *recent collapse, the ratio is still* over 30, well above the level prevailing in the UK.

There have been repeated worries that the fall in share prices would cause problems for Japanese banks, which have large equity holdings. Given the role that Japanese investors play in the international financial markets, a banking collapse in Japan could have major repercussions on the world economy. "You would have to observe that the risk of a major financial dislocation rooted in Tokyo is higher today than ever before," says Nick Train of GT Management.

Even the Japanese economic miracle is looking tarnished, with only 2 per cent GDP growth expected for the year – low by historical standards.

■ Britain: Despite this week's mini-rally, the post-election euphoria has definitely worn off. Traders assumed that the return of John Major to Downing Street would restore consumer confidence and spark recovery. Instead, the chances are that 1992 will see a further decline in GDP.

Meanwhile, the govern*ment's options are limited* severely. Chancellor Norman Lamont has stated again and again his commitment to membership of the Exchange Rate Mechanism and the present central rate of DM2.95/£. With the Bundesbank determined to eliminate the inflationary effects of German reunification, that gives him no scope to cut British interest rates.

The other classic mechanism for reviving an economy, fiscal policy, is constrained by a budget deficit already close to £30bn for the present year.

■ United States: Although Wall Street has flirted repeatedly with its all-time high, the economy has struggled to live up to the stock market's optimism. Successive reductions in interest rates have produced only weak economic growth, as shown by the 1.4 per cent second-quarter rise in GDP. But with short-term interest rates not much over 3 per cent, equities still look attractive vis-a-vis cash. "US stock prices reflect the most favourable monetary conditions that have existed for 30 years," says Bill Smith, equity strategist at BZW.

With the p/e ratio above 20, some feel that the US market is vulnerable to bad news, such as a defeat for George Bush in November's election. In view of all these risks, many cautious investors may feel safer sticking with the generous real returns available from the building society, gilts or *national savings.*

Hardened contrarians may feel that, with all this gloomy news around, this must be a good time to buy shares. Certainly, the FT All-Share is yielding more than 5 per cent at the moment, a traditional sign of value in the equity market. BZW's Smith is looking for lower interest rates and earnings growth in the UK over the next year. But with the risks so high, only brave investors would plunge into the equity market. Cautious contrarians might try the safety-first method of investing via a monthly savings scheme.

**DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)**

| Company | Sector | Shares | Value | No of directors |
|---|---|---|---|---|
| **SALES** | | | | |
| BWD Securities | OthF | 40,000 | 22 | 2 |
| Courts Furnishers | Stor | 44,000 | 143 | 3† |
| Dencora | Prop | 60,000 | 65 | 1 |
| Dunhill | Stor | 15,703 | 67 | 1* |
| Headline Book | Med. | 8,700 | 16 | 1 |
| Marling Ind (N.Pd) | Othl | 11,942,672 | 60 | 1 |
| **PURCHASES** | | | | |
| Alexon | Stor | 30,000 | 59 | 2 |
| Ashley (Laura) | Stor | 17,900 | 15 | 1 |
| Berkeley Group | C&C | 60,000 | 134 | 2 |
| Christie Group | BuSe | 50,000 | 15 | 1 |
| Etonbrook Props | Prop | 20,000 | 14 | 1 |
| General Electric | Elec | 17,355 | 38 | 3 |
| Haggas John | Text | 30,548 | 32 | 2 |
| Lyles (S) | Text | 13,300 | 12 | 1 |
| Morland & Co | Brew | 10,000 | 45 | 3 |
| Northn Fine Foods | FdM | 89,135 | 29 | 5 |
| Property Sec IT | Prop | 30,000 | 25 | 1 |
| Shaw (Arthur) | BdMa | 350,000 | 157 | 1 |
| Stirling Group | Text | 150,000 | 48 | 2 |
| Tarmac | BdMa | 208,000 | 140 | 1 |
| Usborne | FdMa | 100,000 | 16 | 1 |
| Wheway | EngG | 100,000 | 14 | 1 |
| Willis Corroon | InsB | 8,150 | 17 | 2 |

Value expressed in £000s. Companies must notify the Stock Exchange within 5 *working days of a share transaction by a director. This list contains all* transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-24 July 1992.

*Source: Directus Ltd, Edinburgh*

## Directors' transactions

**AT LAST, directors are showing their true form. With the market seemingly in inexorable retreat, a surge of buying by directors was long overdue. In the week of July 20-24, it duly arrived – in emphatic fashion.**

Sir Anthony Bamford, of the privately owned JCB Group, has long been a fan of Tarmac. As a non-executive director, he has been buying shares since last October when he paid 160p. His latest purchase, at just 70p, comes after a period of considerable uncertainty for the building materials' sector.

John Haggas, the textile group, appears to have emerged from recession rather earlier than most manufacturing companies. In July 1991, finance director Martin Scriven and Steven Barker bought shares at 58p. The same two have been buying again, this time paying between 104-106p.

**Angus MacDonald, Directus Ltd**

# The downswings that should worry us all

ONE OF the phrases spoken most often during the recession is "What goes down must come up." But how far down, and how soon up?

The optimistic assumption is that we are in a short cycle *recession of 10 or 11 years, so* that we are repeating the recession of the early 1980s and will have another mid-to-late decade boom before long. Unfortunately, there is good reason to think that there are *also two longer cycles at work.*

The first, the downswings of which are nasty enough on their own, is the Kuznets or long swing, some 18-19 years in length. The long swing is notable for movements in land prices and in building and credit. The upswing encourages land speculation, driving up asset prices and producing a bubble of over-expanded borrowing. When the bubble bursts, there is a very sharp contraction of credit.

Growth can resume only after a painful sequence: a long fall in land and asset prices; the return to health of corporate and personal balance sheets; and, finally, the return of confidence.

The last Kuznets downswing began with the crash of 1973-74, and the early 1990s certainly resemble the mid-1970s in the land and financial markets – with one important difference. Then, inflation brought borrowers' real debts down quickly and land prices back up, so the upswing could resume. There is no reason to expect such a foreshortening of *the downswing this time.* But this downswing, like the last, will take place within the same downswing of the Long Wave.

The Long Wave, or Kondratiev cycle, is a matter of more debate. Many economic historians deny its existence altogether. But there is an ominous resemblance between the slowdown in world growth since 1974 and that of the inter-war period.

Both long-wave downswings began with an international crisis (1914 and 1973) which dealt the first blow. Meanwhile, a technological revolution was nearing completion which, for a time, enabled one leading nation – the US then, Japan now – to drive forward while others were faltering.

The early diffusion of the new "technological style" helped to stimulate growth during a Kuznets upswing *(mid-to-late 1920s, mid-to-late* 1980s) but it exacerbated a dangerous trend to inequality.

This was manifest internationally. The technological leader became creditor to the world, and the poorer countries got mired in a debt crisis. It was also developing domestically, with the rich getting richer and the poor poorer.

"When the rich get too rich, and the poor too poor, something happens," as the Chinese proverb says. Demand becomes insufficient, for the rich do not spend as much of their income as the poor. Even the rich suffer from the poor's inability to buy what they sell.

*'Weaker northern countries now face stagnation and crisis'*

Second, the suffering of the poor affects the supply side. Poor countries cannot afford to keep up their previous rate of investment, nor can poor people invest in education, training, and even physical and mental health. Growth slows, unemployment increases, and the inequalities grow worse.

The effects of these increased *inequalities were delayed inter*nationally by the recycling of oil revenues after 1974, and domestically in Europe and the UK by the deregulation of credit in the 1980s. In both cases, it was a bargain of Faust: when it was time to pay, the devil charged double.

The third world and eastern Europe have been in stagnation and crisis since the early 1980s; now is the turn of the weaker northern countries. Here, internal debts and external deficits intersect. Governments which want to reflate their economies can scarcely do so because of the effects on budget and trade deficits.

The Kuznets swing is most violent in countries where financial institutions are regulated least tightly. In Japan, frenzied speculation drove land and stock prices to extraordinary heights. In 1990-91, the *bubble burst with a vengeance.*

The parallels between the Japanese slide and the US slump after 1929 are alarmingly close: a financial implosion is taking place in the world's greatest creditor. At *least governments and central* bankers understand better what to do the second time around. This factor may, however, be cancelled out by another. After 1929, the US was one of the worst sufferers from its crash, and so had a strong interest in action. This will not be true in Japan for some time.

The implosion will not cause mass Japanese unemployment, nor does it pose an immediate threat to the major industrial companies. Within Japan, it is almost being welcomed as a overdue purgative.

It is the effect outside Japan which is terrifying: Japanese trade surpluses, previously recycled by private capital outflows, will soon be huge and the outflows much diminished. Japan's trading partners will see their deficits rise further and their activity levels fall. If the implosion causes a massive withdrawal of Japanese funds, their financial systems will be gravely weakened.

It is only the reaction of trading partners which will inflict real pain on Japan's main decision-makers and drive them to *fundamental restructuring.*

Meanwhile, the agony of the double downswing will be compounded. The Kuznets downswing eventually will work itself out naturally; but to end the Long Wave downswing will require fundamental reforms. What they should be is another story.

***Andrew Tylecote***

■ *Andrew Tylecote is a senior lecturer in the department of economics, Sheffield University management school and author of The Long Wave in the World Economy (Routledge, 1992, £40).*

FINANCE AND THE FAMILY

# Keen to study the student market

***John Authers** looks at the carrots banks will offer to win the business of school leavers*

THE NEW academic year approaches and the banks are homing in on students.

Bank customers are deeply reluctant to move their accounts, so signing up a student can be the key, for the bank, to a long-standing lucrative relationship.

However, banks are now much more sophisticated in the way they target students and school leavers. Students *themselves are more conservative* and sensible in their approach to finance than they were ten years ago. According *to research conducted by* Barclays and the National Union of Students, they are acutely conscious of debt, dislike it, and *are not as confident as* they used to be of a high starting salary when they graduate, to pay off the overdraft.

Barclays' research paints a picture of a "carefree fresher" spending money happily at first. The "end of the honeymoon" sets in when they first have to borrow, which usually happens in the first year. This deteriorates into "final year blues", possibly even followed by a disillusioned graduation.

The research suggests that a third of students are in debt at any one time, while Barclays according to students, graduate owing on average £1,100. Only 25 per cent of student debt by value is with banks. The most, 31 per cent, is with the government's Student Loan Company and 21 per cent comes from parents. Credit cards take up 6.5 per cent.

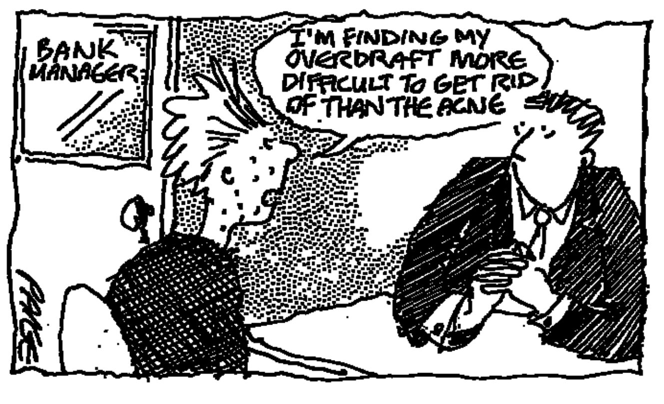
These figures show why banks have decided to withdraw some of the "freebies" with which they entice students. Free overdraft facilities have now been put to the fore.

Students can now expect an interest-free overdraft of £400, for the full term of their study. Last year some banks, including Barclays, only offered free overdrafts for the first year, but it is now usually extended.

Students can also expect *charge-free banking and* some degree of interest, while in credit, and at least one plastic card. Policies over issuing *credit cards still vary, as the* chances of serious bad debts in this area are obviously considerable.

However, *students off on a* rail trip around Europe during the vacation can expect preferential rates on foreign exchange.

School leavers who go straight into work tend to take an even more conservative approach, and are deeply averse to borrowing. Consequently they can expect more in the way of "goodies", but much less in the way of cheap borrowing facilities. School leavers will ideally be going into full-time employment, so cheap credit should be less important to them. Also, banks




*are reluctant to encourage borrowing in such young consumers.*

The main offers are as follows:

■ Abbey National aims at youngsters in general and makes no special offers for students, beyond a preferential rate of interest on overdrafts – the APR is 14.5 per cent for students, compared with normal rates of 24.4 per cent for authorised overdrafts and 34.4 per cent for unauthorised.

Its package for youngsters in general is more competitive. Abbey offers Visa Delta debit cards, and access to Link machines, along with Saturday opening in 95 per cent of branches (useful for 16-year-olds in their first job). The goodies are a free driving lesson and 25 per cent off the next five lessons, for those who do *not already have a driving* licence, and £15 in BP petrol vouchers for those who do.

■ Barclays has an interest-free *overdraft of £300, less than the* other clearers, which will be available throughout the course of study. *It also offers free banking, and the opportunity* to apply for a free Barclays Connect debit card, and a travel bag, or a £5 Our Price voucher. Barclays' chief "treat", for all students opening an account, is a £10 voucher for Our Price records. The bank has also set up a system of student business officers, and a free interview for financial planning advice during the first year is part of the package.

■ Lloyds is offering a £400 agreed overdraft for the full term of study, with a reduced interest rate (15.3 per cent APR) on larger advances. Banking is free whether in credit or overdrawn. Gross interest of 5 per cent monthly is payable on credit balances.

Goodies include a free Young Persons Railcard, commission-free currency and travellers' cheques, and a free Eurocheque card. There is no cash gift.

■ Midland is offering an interest-free overdraft of £400 for *the full period of study, along* with a £50 cheque guarantee card, which also works for cash machines and as a debit *card. Banking is free while in* credit and free "financial counselling" is also available.

Goodies include £15 in cash, commission-free Thomas Cook travellers' cheques and currency transactions, and eligibility for charge-free Access and Visa cards up to a maximum credit limit of £250.

■ National Westminster announces its package next week. It is likely to match the standard £400 interest-free overdraft for the full term of study. Last year's cash gift was £30 and it is unlikely to be increased.

■ Royal Bank of Scotland offers a £400 interest-free overdraft for only the first year of study, and a "Highline" card which works as a cheque guarantee and cash-point card. Tiered interest is payable on accounts while they are in credit. Goodies include a £20 cash gift, a free Eurocheque card and commission-free travellers' cheques and foreign currency.

■ TSB maintains more of a "goodies" policy than its rivals, and is also keen to stress the 7.5 per cent gross savings rate it offers on current accounts, which it claims is currently the market leader. Students get their £400 interest-free overdraft facility, which is available until the September of their final year of study. They also get a Speedbank multi-function card.

The goodies include a £15 voucher and six 10 per cent discount vouchers for Olympus Sport, plus a free driving lesson when booked as part of a course of ten with a participating member of the Motors Schools Association.

All of these, apart from the overdraft, apply to school leavers aged between 16 and 20. Eleven to 15-year-olds receive the TSB FirstSave account (current interest 7.25 per cent), along with six 10 per cent discount vouchers for Olympus Sport and six 10 per cent discount vouchers for the Fosters clothes store. Similar passbook based accounts are available for under-10s.

# Think cheap when you choose a company car

THE INLAND Revenue had some dispiriting news for Britain's executives this week. From now on, it seems, the rule of thumb when choosing a company car will be – go for the cheapest.

Many drivers could gain if proposals to reform income tax treatment for company cars – contained in a new consultative paper – are enacted. Tax bills could be cut by as much as 30 per cent, although some may go up by more than 40 per cent.

The reforms will not operate until the beginning of the 1994-95 tax year at the earliest, and the Revenue could yet make changes. But if you are *choosing a company car* in the next few months, it would be foolish not to bear these plans in mind.

*The present system lumps* cars into broad bands according to their engine size if their price is below £19,250. The new rules would tax cars entirely on their price, and would have far more bands.

There are, however, several ways in which price could be assessed. At present, the Revenue favours the manufacturer's retail list price, but other possibilities include the cost to the employer and the original market value.

*Some accountants, including* Martin Myerscough of Arthur Andersen, are worried that the new administrative burdens on companies, and the costly consequences of making mistakes, will discourage some from offering company cars altogether – heaping further gloom onto Britain's executives.

Precise gains and losses cannot be determined until the new rules are more definite. But those affected worst are likely to be drivers of cars with engines just below two litres and which fall just within the £19,455 limit. Tax bills for them *could increase by up to 40 per* cent, but they have been benefiting from the present system.

Shed a tear, also, for executives with cars costing between £50,000 and £60,000. Their tax could increase by around 35 per cent.

If your company has bought you a cheap but powerful car, such as a Vauxhall Astra or Ford Fiesta, expect to benefit by anything up to 25 per cent. All the precise details will be announced in the Budget next March.

Several experts are hoping for changes, as well as extra detail, by then but Clive Tulloch, tax partner with accountant Coopers & Lybrand, said the Revenue had missed several opportunities to remove anomalies in the system. He pointed out that the proportion of the scale charge on a car which individuals must pay will still be based on their business mileage. This is bad news for those with very high annual distances covered who need their cars most.

According to Tulloch, those *with annual business mileages* of somewhere between 12,000 and 15,000 miles at the bottom, and 17,999 at the top, would be better off *taking additional* cash from their employer and buying their own car.

***J.A.***

# Pick-a-mix for Pep investors

INVESTORS holding investment or unit trust Personal Equity Plans can now mix non-qualifying with qualifying trusts after a rethink of the rules.

Non-qualifying trusts are those that do not commit themselves to holding at least 50 per cent of their investments in European Community equities.

The Inland Revenue this week clarified the rules governing non-qualifying trusts. Before the Budget, Pep investors were allowed to put £1,500 in a non-qualifying trust or £3,000 in a qualifying trust. Those who wanted to invest the full annual Pep limit of £6,000 had to make up the balance in individual equities.

Chancellor Norman Lamont raised the limits on investment in both unit and investment trusts from a maximum of £3,000 to the £6,000 limit for equities in the Budget.

However, the rules did not seem to allow Pep holders to mix qualifying with non-qualifying trusts in one Pep. To do this, the Pep holder would have to go through a laborious and costly process of first subscribing to a non-qualifying trust up to £1,500 and placing the remaining £4,500 in equities – then selling the equities *and replacing them with qualifying trusts.*

Pep holders who invest up to £1500 in a non-qualifying trust can now can now make up the £4,500 balance with a qualifying trust, equities, or a mixture of both.

"Investors who want a broader spread can now mix and match non-qualifying trusts with qualifying, without the complications of first investing in other equities and then switching," said Fiona Monro of the Association of Investment Trust Companies.

Julian Shersby of the Unit Trust Association also welcomed the news: "It widens the choice for investors. Very few of our members were promoting their non-UK/Europe unit trusts but I would expect them to start doing so now."

Investment trust companies *are continuing to lobby for all* investment trusts to qualify for the full £6,000 a year. The large international general trusts are one of the most stable and diversified sectors in the investment trust industry.

Jeremy Tigue of Foreign & Colonial, the UK's largest investment trust, with six of its eight investment trusts classified as non-qualifying, called the simplification of the Pep rules this week "half a loaf". "It is still very frustrating to have the £1,500 limit."

***Scheherazade Daneshkhu***

# Income rescue delay

EFFORTS to compensate investors who lost money on home income plans have hit a second, potentially embarrassing, delay with a conflict between insurance companies and the insurance ombudsman.

Delay is especially significant, because most investors were already over pension age when they bought the plans, which used a remortgage to buy an investment bond, with the aim of earning a sizeable income. Many unwittingly reached the brink of losing their homes when house prices *fell interest rates rose and the* investment bonds failed to perform as expected.

Some insurance companies *tried to head off complaints by* approaching all plan-holders with offers of compensation, but tended to make up only the *loss on the investment bond,* and not the loss on mortgage payments or money withdrawn for capital spending.

*The insurance ombudsman's* view is that these payments were often too low. His own and Lautro's guidelines say *that investors should be put* back where they were financially before buying the plan and that payments to cover distress and the cost of legal advice would be considered.

An investor's acceptance of money "in full and final settlement" would not preclude examination, since investors might have accepted an offer through desperation and might not have been told they could go to the ombudsman.

The insurance companies are unhappy about this. One refused point blank when the ombudsman asked – as a matter of form – for permission to review a case where compensation had been paid, according to Peter Tyldesley of the ombudsman's bureau. However, Tyldesley said this would *not stop Dr Julian Farrand,* the ombudsman, dealing with the case. Insurance companies must comply with his decisions *and pay awards worth up to* £100,000 unless they leave the voluntary scheme, after giving six months' notice.

*One of the companies most* heavily involved in home income plans was Guardian Royal Exchange, where *marketing manager Ken Franklin* said the company was concerned at being asked to overturn something already agreed. GRE paid sums of between £2,000 and £3,000 to each of 490 investors who bought home income plans from Intercity, a GRE-appointed representative. GRE offered the money, making up losses on investment bonds only, after cancelling Intercity's agency on discovering some "probably perfectly innocent" irregularities with holding of clients' money, said Franklin. The insurance ombudsman is currently reviewing 12 of these cases.

"They were not told about the ombudsman because they were not complaining," said Franklin. "We were writing to those customers out of the blue saying we have looked at these schemes and we are going to make an offer to you."

"We were one of the first *companies to actually get off* our butts and do something," said Franklin. "We are not happy to have it looked at again." He said GRE was hopeful its discussions with the ombudsman would reach an amicable solution.

***Barbara Ellis***

## The Week ahead

# Abbey National profits fear

THE two largest UK banks, Barclays and National Westminster, announce their half year results this week, *together with Abbey National* and Standard Chartered.

Abbey National's profits on Monday may well disappoint the market, at least by comparison with the sparkling performances it has given in previous years. High bad debts will probably push last year's £308m pre-tax profits down to around £270m.

National Westminster on Tuesday is likely to report profits not far from last year's poor performance of £101m.

*Standard Chartered* turned in £83m at the interim stage a year ago. Forecasts for its latest result on Wednesday range from around £60m to slightly above last year's figure.

Barclay's results on Thursday will attract the most attention. Heavy provisions are likely to drive its half year figures well below its £378m pre-tax profit at the half-way stage last year. SG Warburg forecast profits of only £120m – a very disappointing figure for the UK's largest bank.

A dividend cut of up to 50 per cent is widely expected when British Petroleum reports second quarter figures on Thursday. The June firing *of Robert Horton, chairman* and arch-defender of an unchanged dividend, cleared the way for a more realistic payout. Income on an historic cost basis is likely to have slumped to about £100m from £243m.

Royal Dutch Shell has fared much better and will turn in net income of about £520m against £532m on the same day.

Unilever will report on Friday second quarter pre-tax profits of about £490m (£448m). It will have benefited from a cut of about £20m in interest costs thanks to debt reduction and from a pick up from the tough year-earlier quarter. Sales of some products such as perfumes were depressed then by lower tourism in the wake of the Gulf War.

## HIGHEST RATES FOR YOUR MONEY

| | Account | Telephone | Notice/term | Minimum deposit | Rate % | Int. paid |
|---|---|---|---|---|---|---|
| **INVESTMENT A/C's and BONDS (Gross)** | | | | | | |
| Scarborough BS | First Post | 0800 590578 | Instant | £1,000 | 10.00% | Yly |
| Bristol & West BS | Balmoral A/C | 031 225 3557 | Instant | £2,000 | 10 45% | Yly |
| | | | | £25,000 | 10.90% | Yly |
| Exeter Bank | 90 Day Base Rate | 0392 50635 | 90 Day | £1,000 | 10.50% | Qly |
| Skipton BS | Fixed Rate Bond | 0756 700500 | 7 8.94 | £5,000 | 11.00# | Yly |
| Chelsea BS | Premier Acc 3 | 0800 272505 | 30.9.94 | £10,000 | 11 75§ | Yly |
| **TESSAs (Tax Free)** | | | | | | |
| Allied Trust Bank | | 071 626 0879 | 5 Year | £9,000 | 12 68% | Yly |
| Julian Hodge Bank | | 0222 220800 | 5 Year | £20 | 12 50% | Yly |
| National Counties BS | | 0372 742211 | 5 Year | £3,000 | 12.00% | Yly |
| West Bromwich BS | | 021 525 7070 | 5 Year | £150 | 11.60% | Yly |
| **HIGH INTEREST CHEQUE A/Cs (Gross)** | | | | | | |
| Caledonian Bank | HICA | 031 556 8235 | Instant | £1 | 9 50% | Yly |
| UDT | Capital Plus | 0734 560411 | Instant | £1,000 | 9 40% | Qly |
| Chelsea BS | Classic Postal | 0242 521391 | Instant | £5,000 | 9.75% | Yly |
| | | | | £10,000 | 10.00% | Yly |
| | | | | £25,000 | 10.50% | Yly |
| **OFFSHORE ACCOUNTS (Gross)** | | | | | | |
| Woolwich (Guernsey) Ltd | Intl Gross | 0481 715735 | Instant | £500 | 9.50% | Yly |
| Yorkshire Guernsey BS | Key Ninety | 0481 719898 | 90 Day | £50,000 | 10.55% | Yly |
| Yorkshire Guernsey BS | Key Term Share | 0481 719898 | 31 8.93 | £10,000 | 11 00♠ | OM |
| | | | | £25,000 | 11 25♠ | OM |
| | | | | £50,000 | 11.75♠ | OM |
| **GUARANTEED INCOME BONDS (Net)** | | | | | | |
| Aegon FN | | 071 538 8800 | 1 Year | £50,000 | 8 60% | Yly |
| CCL Assurance FN | | 071 626 3581 | 2 Year | £5,000 | 8 20% | Yly |
| Prosperity Life FN | | 0800 521546 | 3 Year | £25,000 | 8.30% | Yly |
| Aegon FN | | 071 538 8800 | 4 Year | £20,000 | 8 45% | Yly |
| Aegon FN | | 071 538 8800 | 5 Year | £50,000 | 8.55% | Yly |
| **NAT SAVINGS A/Cs & BONDS (Gross)** | | | | | | |
| | Investment A/C | | 1 Month | £5 | 8 50% | Yly |
| | Income Bonds | | 3 Month | £2,000 | 9 25% | Mly |
| | Capital Bonds D | | 5 Year | £100 | 10.75F | OM |
| | First Option Bond | | 12 Mths | £1,000 | 9 67% | Yly |
| **NAT SAVINGS CERTIFICATES (Tax Free)** | | | | | | |
| | 37th Issue | | 5 Year | £25 | 8.00%F | OM |
| | 5th Index Linked | | 5 Year | £25 | 4.50% + Infln | OM |
| | Childrens Bond B | | 5 Year | £25 | 10 9%F | OM |

**This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N - Net Rate. *B = Bond. # = Rate fixed until 31.1.93. § = Rate fixed until 1.10.92. ♠ Rate fixed until 31.8.92.***
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates. Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.



## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £ms** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| Henlys | 66 | 67 | 52 | 24.97 | Cowie (T) |
| JS Pathology | 175* | 170 | 154 | 23.06 | Corning |
| Magnetic Materials | 64 | 61 | 55 | 11.71 | TT Group |
| Manders | 241 | 238 | 237 | 61.41 | Kalon |
| Micrelec | 111§§ | 105 | 113 | 14 82 | Meggitt |
| Penny & Giles | 310§§ | 355 | 235 | 29 91 | Bowthorpe |
| Templeton G'braith | $6*✣ | 296p | 296p | $913m ✣ | Franklin |
| Tyne Tees TV ‡ | 296 | 267 | 234 | 30.71 | Yorkshire TV |

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 31/7/92 §§Shares & cash. ✣ Sterling equivalent £3.13 (value per share). £476m (total value).

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Arlen | Mar | 884 L | (120) | - | (-) | - | (0.5) |
| Ashtead Group | Apr | 2,270 | (4,010) | 7.2 | (13.9) | 4.12 | (4.12) |
| Banks (Sidney C) | Apr | 2,290 | (2,210) | 19.9 | (20.2) | 8.25 | (8.0) |
| Black Arrow | Mar | 1,260 | (1,870) | 3.5 | (3.01) | 2.1 | (2.1) |
| Blackland Oil | Dec | 278 L | (65 L) | - | (-) | - | (-) |
| British Bio-tech | Apr | 11,600 L | (6,130 L) | - | (-) | - | (-) |
| Colorvision | Mar | 2,030‡ | (3,607) | 6.5‡ | (11.3) | 8.1‡ | (5.6) |
| Dale Electric | May | 1,780 | (269) | 10.15 | (-) | 5.1 | (5.1) |
| Dyson (J&J) | Mar | 1,130 | (1,430) | 6.54 | (7.4) | 5.0 | (5.0) |
| Excalibur Group | Apr | 1,110 | (4,140) | 1.3 | (6.2) | 1.0 | (1 8) |
| Fleming Emerging | Jun | 1,110 | (-) | 1.22 | (-) | 1.2 | (-) |
| Fleming Enterprise | Jun | 1,780# | (1,910#) | 4.46 | (4.77) | 4.5 | (4.3) |
| Greene King | May | 21,900 | (22,060) | 40.1 | (38 2) | 11 6 | (10.8) |
| Hadleigh Industries | Mar | 1,150 L | (1,770) | - | (17.2) | 1.25 | (6.5) |
| Heritage | Apr | 177 L | (361 L) | - | (-) | - | (-) |
| Independent Inv | Jun | 587© | (660©) | 0.63 | (0.71) | 0 5 | (0.45) |
| Jersey Phoenix Tst | Jun | 798♠ | (813♠) | 5.3 | (5.4) | 5.25 | (5 25) |
| Merrydown Wine | Mar | 1,930 | (2,240) | 17.15 | (20.6) | 7.0 | (6.22) |
| Misys | May | 9,120 | (5,630) | 17.8 | (11.5) | 6.1 | (5.67) |
| Mitie Group | Mar | 1,800 | (1,200) | 11.6 | (11 1) | 2.75 | (2.0) |
| Mosaic Inv | Apr | 4,240 | (7,560) | 16 3 | (32.4) | 9.25 | (9.25) |
| Murray Smaller Mkts | May | 3,790 | (4,240) | 4.62 | (5.27) | 4.0 | (3.75) |
| Novo Group | Mar | 1,080 | (158‡) | 10.1 | (1.44‡) | - | (1.6) |
| Nu-Swift | Dec | 20,200 | (32,600) | 34.7 | (45.4) | 20.0 | (18.0) |
| Ransom (William) | Mar | 677 | (402) | 3.04 | (1.84) | 1.77 | (1.69) |
| Saville Gordon (J) | Apr | 3,830 | (2,300 L) | 3.2 | (-) | 2.2 | (2.2) |
| Shield Group | Mar | 1,370 L | (7,330 L) | - | (-) | - | (-) |
| Smith (David S) | May | 15,400 | (23,900) | 11.5 | (23 3) | 9.5 | (9.5) |
| Templeton Emerging | Apr | 1,230 | (1,810) | 2.49 | (3.29) | 1.8 | (-) |
| Tinsley (Eliza) | Mar | 510 | (830) | 4.72 | (8.02) | 5.2 | (5 2) |
| TR Smaller Co's | May | 13,200● | (14,400●) | 3.49 | (4.32) | 3.7 | (3.7) |
| Unitech | May | 12,050 | (18,460) | 7.3 | (11.5) | 5.85 | (11 7) |
| Verson Int'l | Jan | 12,250 L | (390 L) | - | (-) | - | (1.0) |
| YRM | Apr | 1,370 | (1,990) | 5.78 | (9.35) | 4.0 | (5 0) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Allied Textile | Mar | 5,210 | (6,510) | 4.5 | (4.4) |
| Ansbacher (Henry) | Jun | 1,910 | (1,100) | - | (-) |
| Aukett Assoc | Mar | 1,160 L | (740) | - | (1.25) |
| BAT Industries | Jun | 645,000 | (415,000) | 14.6 | (13.4) |
| Brown & Jackson | Mar | 1,750 | (14,900L♣) | - | (-) |
| BT | Jun♥ | 596,000 | (825,000) | - | (-) |
| Bullough | Apr | 5,890 | (7,180) | 1.75 | (1.75) |
| Capita Group | Jun | 1,770 | (1,380) | 2.1 | (1.8) |
| CIA Group | Jun | 1,870 | (1,470) | 1.32 | (1.15) |
| Continental Assets | Jun | 431 | (285) | - | (-) |
| Contra-Cyclical | Jun† | 269# | (360#) | 2.25 | (2.25) |
| Cowie (T) | Jun | 12,110 | (7,750) | 2.0 | (1.5) |
| Drayton Far East | Jun | 525# | (607#) | 0.12 | (0.12) |
| Dunkeld Group | May | 626 | (955 L) | - | (-) |
| EFM Java Tst | Jun | 27 L✣ | (-) | - | (-) |
| European Assets | Jun♦ | 13,490 | (12,870) | 0.08 | (0.08) |
| Finsbury Smaller | Jun | 67 | (199) | 1.0 | (1.0) |
| Freeman Group | Jun | 550 | (62 L) | 2.0 | (3.0) |
| Gardner (DC) | Jun | 930 | (2,830 L) | - | (-) |
| Geared Income Inv | Jun† | 326# | (333#) | 1.5 | (1.5) |
| Greggs | Jun | 2,290 | (2,240) | 5.0 | (4.75) |
| Harrisons & Crosfld | Jun | 40,600 | (36,400) | 3.6 | (3.6) |
| Hepworth | Jun | 32,800 | (35,300) | 5.5 | (5.5) |
| Hotspur Inv | July | 22✣ | (39✣) | - | (-) |
| ICI | Jun | 420,000 | (507,000) | 21.0 | (21.0) |
| Jacobs (John I) | Jun | 408 L | (270) | 0.5 | (0.5) |
| LASMO | Jun | 72,000 | (13,000) | 2.3 | (2.3) |
| Life Sciences | Jun | 8,480 | (7,740) | 1.2 | (1.15) |
| Lloyds Abbey Life | Jun | 142,000 | (149,500) | 6.3 | (6.3) |
| Midland Bank | Jun | 89,000 | (71,000 L) | - | (1.7) |
| Ramsden (Harry) | Mar | 77 | (74) | 1.0 | (1.0) |
| Rodime | Mar§§ | 644 L | (1,490 L) | - | (-) |
| RPS Group | Jun | 355 | (302) | 1.0 | (1.4) |
| Shandwick | Apr | 1,540 | (8,120) | - | (1.8) |
| Smaller Co's Inv | Jun | 227# | (190#) | 1.2 | (1.2) |
| Sphere Inv Tst | Jun | 2,720 | (3,530) | 1.5 | (1.87) |
| Telegraph | Jun | 21,600 | (19,100) | 4.5 | (-) |
| Temple Bar Inv Tst | Jun | 5,880 | (5,630) | 4.5 | (4.5) |
| Thornton Pan-Euro | Jun | 103 | (167) | - | (-) |
| Updown Inv Co | Jun | 297✣ | (323✣) | - | (-) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Figures for three months. # = Net revenue. © = Available revenue. ● = Total income. ✣ = Attributable loss/profit. ♣ = Figure for nine months. ♥ = First quarter figures. §§ = Figures quoted in US dollars. ‡ = Figures for eighteen months. ♦ = Figures quoted in Dutch guilders. ♠ = Net profit.

### RIGHTS ISSUES

**ML Laboratories** is to raise £15.8m via a one-for-ten rights issue at 650p.
**Novo Group** is to raise £8.8m via a 16-for-3 rights issue at 30p.

### RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Abbey | Thursday | - | - | - |
| Alliance Resources | Friday | - | - | - |
| Beales Hunter | Wednesday | 2.2 | 6.95 | 2.3 |
| Benson Group | Monday | - | - | - |
| Kleinwort High Income | Tuesday | - | - | 3.75 |
| Novalal | Monday | - | - | - |
| Radiant Metal Finishing | Tuesday | - | - | - |
| Resort Hotels | Wednesday | 1.2 | 2.2 | 1.2 |
| SEET | Friday | - | - | - |
| Sutcliffe Speakman | Thursday | - | - | - |
| TR City of London Tst | Thursday | 1.14 | 1.14 | 1.19 |
| Trencherwood | Monday | - | - | - |
| Wholesale Fittings | Friday | 3.23 | 13.39 | 3.23 |
| Williamson Tea Holdings | Wednesday | 10.0 | 15.0 | 10.0 |
| Zetters Group | Wednesday | 1.75 | 6.25 | 4.0 |
| **INTERIM DIVIDENDS** | | | | |
| Abbey National | Monday | 3.5 | 7 0 | - |
| Admiral | Tuesday | 1.5 | 3.3 | - |
| Anglo & Overseas | Thursday | 1.75 | 4.7 | - |
| Barclays | Thursday | 9.15 | 12.0 | - |
| BBA Group | Monday | 2.25 | 5.25 | - |
| BOC Group | Thursday† | 10.2 | 10.2 | 11.0 |
| British Alcan Aluminium | Wednesday | - | - | - |
| British Petroleum | Thursday | 4.2 | 4.2 | 4.2 |
| Chieftain Group | Wednesday | 1.9 | 3.0 | - |
| Clarke Foods | Monday | 0.75 | 1.5 | - |
| Edinburgh Oil & Gas | Tuesday | - | - | - |
| Fairway Group | Friday | 1.0 | 2.15 | - |
| GKN | Wednesday | 6.0 | 12.5 | - |
| Govett & Co | Monday | - | - | - |
| Kleinwort Benson | Thursday | 5.3 | 10.7 | - |
| Law Debenture | Tuesday | 6.0 | 11.5 | - |
| Lilleshall | Monday | 1.5 | 2.5 | - |
| Pacer Systems | Tuesday✣ | 3.0 | 3.5 | - |
| Rotork | Thursday | 4.25 | 5.75 | - |
| Shell T&T | Thursday | 8.9 | 12.0 | - |
| Simon Engineering | Thursday | 5.0 | 10.7 | - |
| Smith & Nephew | Wednesday | 1.75 | 2.89 | - |
| Standard Chartered | Wednesday | 7.0 | 13.0 | - |
| TI Group | Tuesday | 7.0 | 13.5 | - |
| Transport Development | Monday | 3.0 | 6.5 | - |
| TR Pacific Inv Tst | Monday | - | 0.25 | - |
| Unilever | Friday | 5.03 | 13.91 | - |
| Wickes | Wednesday | - | - | - |
| Yorkshire Chemicals | Tuesday | 4.75 | 9.75 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ✣ = Figures quoted in US cents. † = Third quarter figures.

FINANCE AND THE FAMILY

# So you want to set up a trust . . .

*Caroline Garnham explains how they work and their varied uses*


FOR MANY, a trust is an alien concept shrouded in legal mumbo-jumbo. But a trust can be used effectively to overcome many complex practical problems to avoid tax legitimately, in Britain and elsewhere and preserve and protect wealth.

The box shows the many and varied uses of trusts. Although their purposes may differ widely, the basic principles and rules governing them are more or less the same.

There are three parties to a trust: the settlor, the trustees, and the beneficiaries.

**■ The settlor**
The role of the settlor, whether a munificent grandfather or a reluctant employer, is to provide the funds and dictate his or her wishes via the trust deed.

Before setting up a trust, you must know why you want to do so; who should benefit, even in unusual circumstances such as family members dying out of chronological order; the work, obligations and functions of the trustees; the scope of the trustees' investment powers (even if not immediately exercisable); and the scope of their liability.

Certainly, you should never sign a trust deed for which you have not given instructions or do not understand the contents. It is also not advisable to allow your trustee to draw up a trust deed for you unless you are advised separately. Trustees are concerned to limit their liability, whereas your concern is to keep the trustees on their toes. There is, therefore, a conflict of interest.

As a settlor, you should also be clear in your mind before starting about the consequences of setting up a trust.

**■ The settlor and tax**
The two taxes of which you should be most wary are capital gains (CGT) and inheritance tax (IHT). CGT is chargeable on a gift, regardless of how little or how much money changes hands. The gain is calculated according to the market value of the funds being transferred. But there are exceptions and deferrals depending on:

1. Your status as the settlor. If you are not resident in the UK, you will not have to pay CGT. If you are resident but not domiciled, tax is not payable if the assets transferred are physically outside the UK at the time they are transferred into the trust.

2. What property is being transferred. There are exemptions for heritage or business property, and for a main residence.

IHT is not usually payable on lifetime gifts unless you die within seven years. There is, however, one important exception. IHT is payable if property is put into a discretionary trust, other than an accumulation and maintenance trust, even if the trust is offshore.

A discretionary trust is one where the trustees are allowed to pay the income to one or more people and/or when the trustees can accumulate the income. An accumulation and maintenance trust is a form of discretionary trust but it is different for IHT purposes so long as certain conditions are met. One is that all the beneficiaries must be under 25.

The 1992 Finance Act introduced two important exemptions to IHT for business property and agricultural property, which now attract 100 per cent relief.

**■ Finding a trustee**
As a settlor, you choose the trustees. A good trustee is usually someone who is not only skilled at managing the trust assets but would take a keen interest in the well-being of the beneficiaries. So, it is advisable for trustees to have regular meetings to discuss the needs of the beneficiaries and the state of the investments.

Virtually anyone can be a trustee, including the settlor and their spouse. In some cases, it will be necessary to appoint a professional trustee. You should ask them not only what their professional qualifications are for managing the trust fund but how they would keep in touch with the needs and circumstances of the beneficiaries.

> *'Unless the deed provides for it, trustees cannot expect to be paid'*

The duties of trustees are determined by law and the trust deed. But, briefly, they have a duty to manage the trust with as much care as an ordinary prudent man of business would use in the management of his own affairs. They also have a duty to pay the right sum to the right beneficiaries. If they mismanage the funds and make a loss, or pay the wrong amount to the wrong person, they could be forced to make up any shortfall from their own pockets.

Unless there is a provision within the trust deed, they cannot expect to be paid for their services.

The trustees are also liable for the tax on the trust fund. The amount depends on several factors including what type of trust it is; whether the settlor is also a beneficiary; whether the trust can be revoked; whether the children of the settlor can benefit, and what ages they are; where the trust is resident, etc.

The tax system in the UK is well defined and clear, albeit somewhat unexpected on occasions. For example, if you set up a trust offshore and remain non-UK domiciled, the trust will be free of CGT and IHT provided the fund is kept outside the UK.

The situation becomes more confused when trusts are used by people in countries which do not understand the concept of a trust. More and more people are trying to take advantage of this confusion in their home country; as a result, trusts are now being set up by residents of European countries and elsewhere as part of local tax-planning schemes.

**■ Beneficiaries**
If you are a beneficiary, you have probably the least active and most rewarding role in the trust. Apart from a right to call for information about its administration, and to sue the trustees for breach of trust, you need do little except wait until the money comes in. Invariably, tax is not payable, unless you also are the settlor, until the money is received.

If there is some flexibility in the trust, it might be possible to defer receipt of your share until you are non-UK resident so that tax can be avoided. But before embarking on any such scheme, you should first check to see whether, by saving British tax, you do not fall foul of another country's tax regime as a result.

**■ Legal status of trusts**
A trust is very different from any other legal concept. It is not a separate legal entity, like a company or a Lichtenstein foundation; nor is it based on the law of contract. In countries which do not understand the legal concept of a trust, like Switzerland, the rights of a beneficiary can be difficult to enforce unless the trust is expressed to be governed by a law which recognises trusts, such as UK law.

The trust is also a different legal concept from that of agency. If I give you my property to sell as my agent, I can at any time cancel this arrangement and demand my property back. The same is not true of a trust.

The main difference between a trust and an agency is that the trustee owns the property legally, even though he does not own it for himself. It is important, therefore, that where a trust is used to avoid tax, the settlor is not seen to create an agency by controlling the trustees.

■ *Caroline Garnham is a tax and trusts lawyer for the City firm of Simmons & Simmons*

## TRUSTS AND THEIR USES

■ Preserving wealth. Large sums of money need effective management to provide income and capital growth. You might feel that your surviving spouse or children could be tempted to spend too much too quickly and not know how to manage money, nor know who to appoint to manage it for them.
■ Controlling wealth – say, providing for a dependant during his or her life while also preserving the capital for others. For example, a trust can provide for a wife for life and, thereafter, for the children.
■ Providing pensions for retired employees and their dependants.
■ Facilitating investment through unit trusts. Trustees can buy holdings in several companies and invite the public to buy "units" or shares in the trust fund.
■ Making provision for causes or non-human objects.
■ Making a secret provision, such as for an out-of-wedlock child or lover.
■ Enabling land to be held for people who cannot own it personally.
■ Reducing tax in the UK and abroad.
■ Protecting assets from creditors (but only if the trust was set up without this in mind.)
■ Avoiding the fixed succession rules of other countries.

Minding Your Own Business

# Boats for all seasons

*Nick Garnett meets an old-fashioned craftsman*

PETER Freebody's cavernous and dusty shed on the Thames at Hurley, with its cobwebbed corners and persistent creepers poking through the wooden planking from the mass of undergrowth outside, is hardly a microcosm of anything. But in this tiny, old-fashioned corner of British industry, where Freebody makes and restores fine, hand-crafted wooden boats, the distinct whiff of Britain's recession mingles with that of the varnish his workmen use on the rich mahogany and teak decking.

The hull of a 50 ft steam launch owned by businessman Peter de Savary lies forlorn in the shed, all restoration stopped by one of the most prominent but now hard-pressed entrepreneurs of the Thatcher years. The new superstructure of another launch, built in 1912 and now being re-timbered, rests in another corner; the owner, a Midlands businessman, is short of the cash to complete it. What remains of a pre-First World War racing motor-boat waits for its purchaser, an engineering company director in Wiltshire, to start producing the money for rebuilding.

When well-heeled individuals feel the recessionary pinch, expensive toys usually are the first things to get the elbow. "It's a wonder we have managed to keep our team together," says Freebody, 57. "Last year was very tough." So tough that the company lost £80,000 on a yearly turnover that normally reaches about £650,000. The manual labour force has shrunk from 28 to 18.

He reckons the worst is over, though, partly because he is hoping for new boat orders from at least three US businessmen. The company's habits also are changing for the better. Freebody, who clings to a rather romantic view of business life, says he appreciates the need for improved practices. "For one thing, I have realised that our accountant has really been just an auditor. I accept that all kinds of things have to be done more professionally here in the way we cost and charge for work."

The family has built boats on the river for more than 200 years and Freebody bought the present company – near the rowing town of Henley, Berkshire – from his grandfather in 1962. But purpose-built it isn't. "One shed, a US lend-lease one, was given to me and the other shed was bought for £500," he says. Part of the yard's office is a former boat house and some of the roof came from an old jam factory. He will repair a leaking propellor shaft for under £100 and makes punts for just over £8,000. But he also produces marvellous Edwardian-style electric launches for perhaps £150,000, and steam launches for up to £300,000.

When the Andrews yard in nearby Bourne End, which was a style leader for classic sloping-back Thames slipper stern launches, collapsed a decade ago, Freebody stepped into the breach. "I realised there was still a market for boats like that." A 30 ft electric-powered slipper stern that simply oozes class will cost £38,000 (excluding VAT), and a 25 ft version £27,000.

The company uses Burmese teak, African and Brazilian mahogany, English oak and British Columbian pine for its vessels and builds everything from the keel up, including old-fashioned spoked steering wheels. About the only thing it does not do is the sign-writing.

The yard has the kind of ambiance which, while looking efficient, entrances many a customer. It is the type of place where varnish is held in tin cans with the "plum tomatoes" labels still attached.

Last year, Freebody made a punt for Mrs Tiny Rowland, wife of Lonrho's owner, one for Virgin group tycoon Richard Branson, and two very small ones for an ornamental lake at the home of former Beatle George Harrison. Overall, though, "it was a barren year for new boat orders." So, much against the advice of his bank, NatWest, he kept the yard's work force busy building for stock.

"As it turned out, that has helped us keep afloat. I've sold in the last month £108,000 of vessels built for stock, though a lot of that was probably close to cost," says Freebody. This included an eight-seater electric "canoe" and a 30 ft launch. Last year, 60 per cent of the company's turnover came from repair work, compared with 40 per cent in normal years. Hiring out mooring space and making rope lanyards for aircraft brings in a steady £60,000 a year.

Reducing the work force has eased Freebody's £250,000 wage bill. A new accountant, Aruna Boyland, says she is putting in systems to cost jobs properly, as well as setting up a proper system of billing. "In the past," Freebody says, "I have asked customers how they want to pay. Perhaps I'd bill them every £4,000 or maybe every £10,000 and we'd stop work for periods if they wanted a breather." Boyland says craftsmen there work as if it was a paid holiday rather than a proper job.

The company was upset a few weeks ago when – without warning, according to Freebody – NatWest told it to start slicing its £130,000 overdraft by £1,000 a week. But Freebody has potential orders for £800,000 of new boats including those three from the US, one of them a large, Edwardian-style launch for a senior manager in Cincinnati Milacron, a machine tool company.

He points out, too, that wooden launches are good value. "They are often half the cost of a similar-sized glass fibre boat. They hold their value," he explains. They do need revarnishing, every year, though – which costs about £1,500.

What about turning to glass fibre? "I've absolutely no need to. People are going to go back to electric, steam, and wood."

■ *Peter Freebody, Mill Lane, Hurley, Berkshire SL6 FND. Tel: 0628-824-382.*

# Disposing of income

**Q&A**
**BRIEFCASE**
*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

**As a non-resident of UK domicile, I am aware of the desirability of changing income sources before my return to the UK. What is the position concerning those gilt edged stocks which are tax free to non-residents and on the national savings register (interest paid gross)?**

■ The basic reason for disposing of income-sources (and other chargeable assets, such as non-sterling bank balances) before the tax year in which one will become resident in the UK – again or for the first time, is to avoid any prospective Capital Gains Tax charge on gains which have accrued while one was non-resident. There is therefore no need to dispose of gilts, because they are exempt from CGT (under section 115(1)(a) of the Taxation of Chargeable Gains Act 1992). For gilts on the national savings register, which are tax free to non residents, the preceding-year basis (under section 64 of the Income and Corporation Taxes Act 1988, in conjunction with section 47 of that Act) means that there will be no tax liability on the holdings for the first year of ordinary residence in the UK.

## The studious landlord

**My student son, having completed his BA, now intends attending another university for one year for his MA. If he lets his house on a short-hold tenancy, what does he need to do to protect his position?**

**What tax relief can he claim (he now qualifies for the £30,000 – the mortgage is £31,000)? What would be the tax position on any profile?**

■ The solicitor who draws up the tenancy agreement will be able to guide your son through the pitfalls, and on matters such as obtaining the mortgagees' consent and notifying the insurers. The solicitor will also guide him on the tax aspects of the letting.

If the house is let furnished, an arbitrary wear and tear allowance of 10 per cent of the rent will be given – as explained briefly in the free pamphlet IR87(1991), which should still be obtainable from local tax offices. Your son could also ask for pamphlet CGT14 (entitled *Owner-occupied houses*) from which you will see that the letting may not result in any prospective CGT liability on the eventual sale of the house. This again, is something which the solicitor will be able to explain in detail.

## Cost of coin collecting

**A relative of mine has a coin which she acquired many years ago and has now been valued at in excess of £10,000. If she sold the coin, could she be liable for capital gains tax? I understand that sterling is non-taxable normally, but does this apply if the coin is no longer legal tender? She acquired the coin in pre-decimalisation days.**

■ Yes, demonetised coins are within the scope of CGT. Your relative will find general guidance in the free pamphlet CGT14 (*Capital gains tax: an introduction*) which is obtainable from tax inspectors' offices. The free pamphlet CGT16 (*Indexation allowance: disposals after 5 April 1988*) will also be helpful.

OLYMPIC NEWS IN BRIEF

## Livingston says test results 'a mistake'

British sprinter Jason Livingston, sent home from the Olympics after failing a prior dope test, has vehemently denied using steroids.

"I have never, never used steroids," Livingston said. "I abhor the use of drugs in sport. I pleaded with the officials until I was blue in the face.

"The test result must have been a mistake and even the British manager backed me," Livingston, 21, said in an interview published in the South London Press newspaper. Livingston is to appeal against the suspension.

Livingston said the only medications he took before his positive dope test were vitamins, paracetamol and a protein replacer to help recover after a cold.

Livingston was scheduled to run in the 100 metres and relay. But he was suspended by the British Olympic Association and sent home on Tuesday after tests indicated use of the anabolic steroid Methandianone in a July 15 random test conducted in Britain.

David Mellor, the British Heritage secretary, flew into Barcelona yesterday but refused to condemn the three British athletes, including weightlifters Andrew Saxton and Andrew Davies, sent home after failing drug tests.

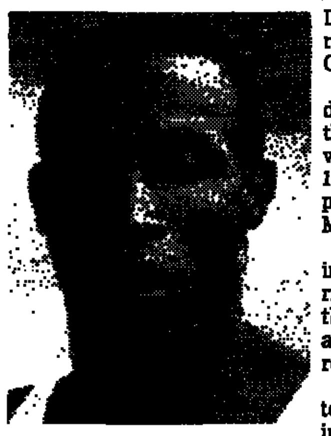
Speaking at the Olympic Village, he said some people might think it sad that his visit came against the backdrop of the athletes' dismissal.

"Although the results of the tests plainly vindicate the decision to send them home, we mustn't convict these people until they have had the chance to appeal," he said.

He added: "I condemn anybody who takes drugs. I think that doping in sport is a disgrace and a scandal which destroys fair competition, and I deplore doping in sport.

"But we mustn't rob these men of their rights to a proper hearing," he said, adding that the UK government stood squarely behind the work of British sports organisations to ensure that doping was purged from British sport.

## Christie through



Linford Christie set about re-building Britain's tarnished Olympic image yesterday.

Christie shrugged off the drugs scandal that has shocked the British camp by easily winning his heat of the 100m as the Games' athletics programme started in the Montjuic stadium.

Christie strolled home in heat three with French rival Daniel Sangouma in third place. Marcus Adam also reached the second round.

Ben Johnson, who had to flee the Seoul Games in disgrace four years ago because of drugs, returned to Olympic competition, breezing through the first round of the men's 100m. Johnson, running for Canada, was greeted with loud cheers and a few derisive whistles as he was introduced for perhaps his most important race since forfeiting the 1988 Olympic title and a world record because of steroid use.

The crowd's reception annoyed British Olympic Association spokeswoman Caroline Searle. "It's a bit strange to hear Johnson cheered after what happened to us yesterday," she said.

## Fresh air for runners

Barcelona's Olympic traffic regulations are a breath of fresh air for marathon runners.

Pollution in the city centre could fall by 15 per cent now that cars have been banned from the most central streets to stop snarl-ups, according to a study being conducted by a Barcelona university in collaboration with German and US scientists.

"We compared a normal day before the Games with a day when the traffic restrictions were in place," team member Lazaro Cremades said.

More than 30,000 cars a day normally belch out exhaust fumes which clog the seaside air, leaving a hazy smog over the city. In addition, the athletes' village and several sporting venues are within 5km of the city's main waste incinerator which releases fumes as it burns most of Barcelona's trash every night.

Competitors, already battling with sweltering heat and high humidity, earlier complained the sea was filthy and swimming with debris.

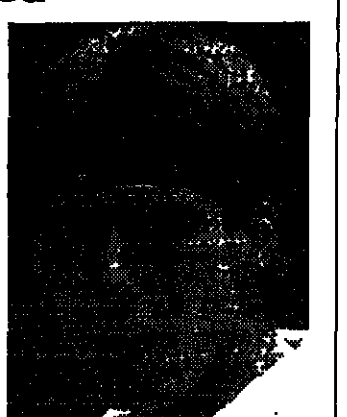
## Allan on target for medal

Alister Allan, the 48-year-old Scot who has already won two Olympic medals, made a sound start in the three positional free rifle competition.

Allan scored 399 points out of a possible 400 in the prone position to lie second equal with three other competitors behind Nils Petter Hakedal of Norway who shot 400.

Competitors also shoot in the standing and kneeling positions; the best eight go through to the final. Allan won the bronze medal in Los Angeles in 1984 and the silver medal in Seoul four years ago, when Britain's Malcolm Cooper, now retired, won the gold medal each time.

## Stich eliminated



German Michael Stich became the fifth men's seed eliminated from the Olympic tennis when he lost to countryman Carl-Uwe Steeb 6-4 6-2 4-6 6-3 in a baseline battle played in an on-court temperature of 45°.

Stich, who won the Wimbledon title last year, was seeded eighth in the 64-player tournament.

"That was a very poor performance. Charly didn't win the match. I just kept on giving away breaks," said Stich.

In another second-round match, No. 5 seed Conchita Martinez helped Spain remain unbeaten by upcoming Sandra Cecchini of Italy, 6-4, 6-3.

## Angola basketball win

Angola earned its first victory in men's Olympic basketball with an 83-63 win over Spain.

The African champions had played well in all their games in their first Olympic appearance except for an opening-game 68-point loss to the US. The win over the host country kept alive quarter-final hopes for both teams as well as Brazil, with one of the three moving on from the six-team pool play.

## Ecuador official dies

An official of Ecuador's Olympic team died of a heart attack early yesterday. Wilson Malo Harris, 61, vice-president of the national shooting federation, suffered the attack in his room in the Olympic village.

It was the third death reported during the Olympics. Peter Karnaugh, father of US swimmer Ron Karnaugh, died of a heart attack while watching the opening ceremonies and officials said another spectator had died.

# Spanish organisation delivering the Games goods

*By Keith Wheatley*

SPANISH yachting has become a metaphor for the nation's Olympic pride. Halfway into the Games, events are going as well as any Spaniard dare hope, with a clutch of gold medal chances at sea and barely a stumble elsewhere. Organisation, backed by investment, is delivering the Olympic goods.

In men's 470 dinghies, helmsman Jordi Calafat and his crew Francisco Sanchez have posted an extraordinary record in the first four races of this most competitive class. Any "Anglo" given to comments about the erratic brilliance of the Hispanic nations has to argue with Calafat's record of three firsts and a tenth. At the fourth-race stage they were 21.4 points clear as overall leaders, with Britons Paul Brotherton and Andy Hemmings in second place.

"We are going to keep taking risks in order to win, but we have to be calm – tranquil enough not to make mistakes," said Calafat ashore after another victory.

In women's 470 dinghies, Theresa Zabell, a resident of Barcelona though born in Ipswich, has posted a record nearly as impressive as Calafat's. A first, second and third have put her in second place overall. Were it not for a premature start in her first race this supremely aggressive 27-year-old computer programmer, currently world champion in 470's, would undoubtedly be lying first.

King Juan Carlos's passion for sailing has been passed on to his children (the Infanta Christina crewed the women's 470 in Seoul) and, apparently, the Spanish people. Yesterday he was at sea with his eldest daughter Elena and the King of Greece watching the Soling race. But more important than a royal lead has probably been the sponsorship of the national sailing squad by Fortuna cigarettes.

This division of the giant state-owned Tabacalera tobacco company has provided the yachting squad with around £6m over four years. "Sailors have had a salary, the best boats and equipment, plus two years of sailing out of the Olympic harbour in Barcelona," said an executive.

The local Olympic organising committee itself is also benefitting from the undoubted success of the Games to date. A week ago Barcelonans were still grumbling about the income tax increases that start on Monday to help pay for the Olympic festival. However, seven days of praise from ordinary visitors, the media and even the august International Olympic Committee (IOC) has persuaded many citizens to walk tall and not count the cost of the party for a month or two.

"The IOC are hot, tired – and loving it. They think the Barcelona Games are splendid," said one official who has been holed up with the élite in the closely-guarded Princess Sophia hotel. However, travel to distant sites has been onerous in the heatwave, and the transport provided has tended to be the only weakish link in the Olympic chain.

For once the sailors have not been the distant poor relations of the Games. That lot has fallen to the rowers in the lakeside town of Banyoles, 155km north-east of Barcelona.

Some of them are unlikey to care. So far it has been a somewhat more successful week for Britain's rowers than the experts had been predicting. Of course, Steven Redgrave and his latest partner Mathew Pinsent can be depended upon like a Swiss watch. In their coxless pairs semi-final they beat main rivals Germany by over two seconds and Redgrave declared himself delighted to have achieved such pyschological superiority ahead of today's final.

"We were thrilled to see that the three medallists from the world championships were drawn in our race as it gave us a very good feel for how the final will go," said Redgrave.

Gold-tipped rowers: Britain's coxless pair, Matthew Pinsent (left) and Steve Redgrave, are favourites in today's final

In tomorrow's men's eights final, an inexperienced British team has done a remarkable job to be ranked third.

Many rowers from countries not in the medal hunt will be at least as interested in the plans Denis Oswald, president of FISA, the sport's governing body, unveils later today. Olympic president Juan Antonio Samaranch has been warning rowing for some time that it has too many classes, too many different types of boat and costs too much to fit comfortably into an Olympic movement committed to slimming itself. Oswald may announce a savage voluntary diet.

# The planet's biggest party

*Nicholas Woodsworth on the shapes and sizes crammed into the Athletes' Village*

YESTERDAY I went for a stroll through the Olympic Village. It is jammed with human beings from five continents and 172 countries. As the number of Olympic events and participating nations grows, so does the variety of human shapes, sizes, colours and physical abilities.The 11,000 athletes gathered here probably form the largest and most differentiated collection of genetic types assembled in any one place in human history.

I ambled past beefy Samoans, mustachioed Turks, lithe Indonesians, wild Mongolians, coal-black Sudanese and cool blond Finns. There was even a Liverpudlian or two. If my powers of identification seem miraculous, the explanation is easy: all athletes in the Village wear plastic identity cards around their necks.

What the cards do not indicate, though, is the sport each athlete practises. I began to play my own Olympic game, guessing from body type the sport that each passer-by played.

Some were easy. Sky-scraping black Americans such as David Robinson can only be basketball players. The Australian swimmer I saw could be identified by her broad shoulders, good tan and hair turned a greeny-blond by chlorinated pools.

Marathon runners like Rosa Mota seem to have a thin, haggard look even before they run. High jumpers are the general shape of string beans. Weightlifters such as Turkey's Naim Suleymanoglu have thighs like hams.

Other guesses were more difficult. Really practised sports-spotters, I am told, can even pick out archers. Britain's Steve Hallard, for example, has slightly lop-sided shoulders, thickened fingers and a calloused chin from a lifetime of hefting bows and drawing bowstrings.

Although the Russians once spent much time and effort with a scientifically-designed computer programme to discover the "ideal" athletic type – and came up with 6ft, 14½-stone Olympic sprinter Valeri Borzov – there is not an individual in the world with a morphology that answers perfectly to the countless different physical demands of all sports.

None the less, in a world filled with unending human variation there are individuals whose exceptional body make-up allows them to excel as sportsmen and women in one field or another.

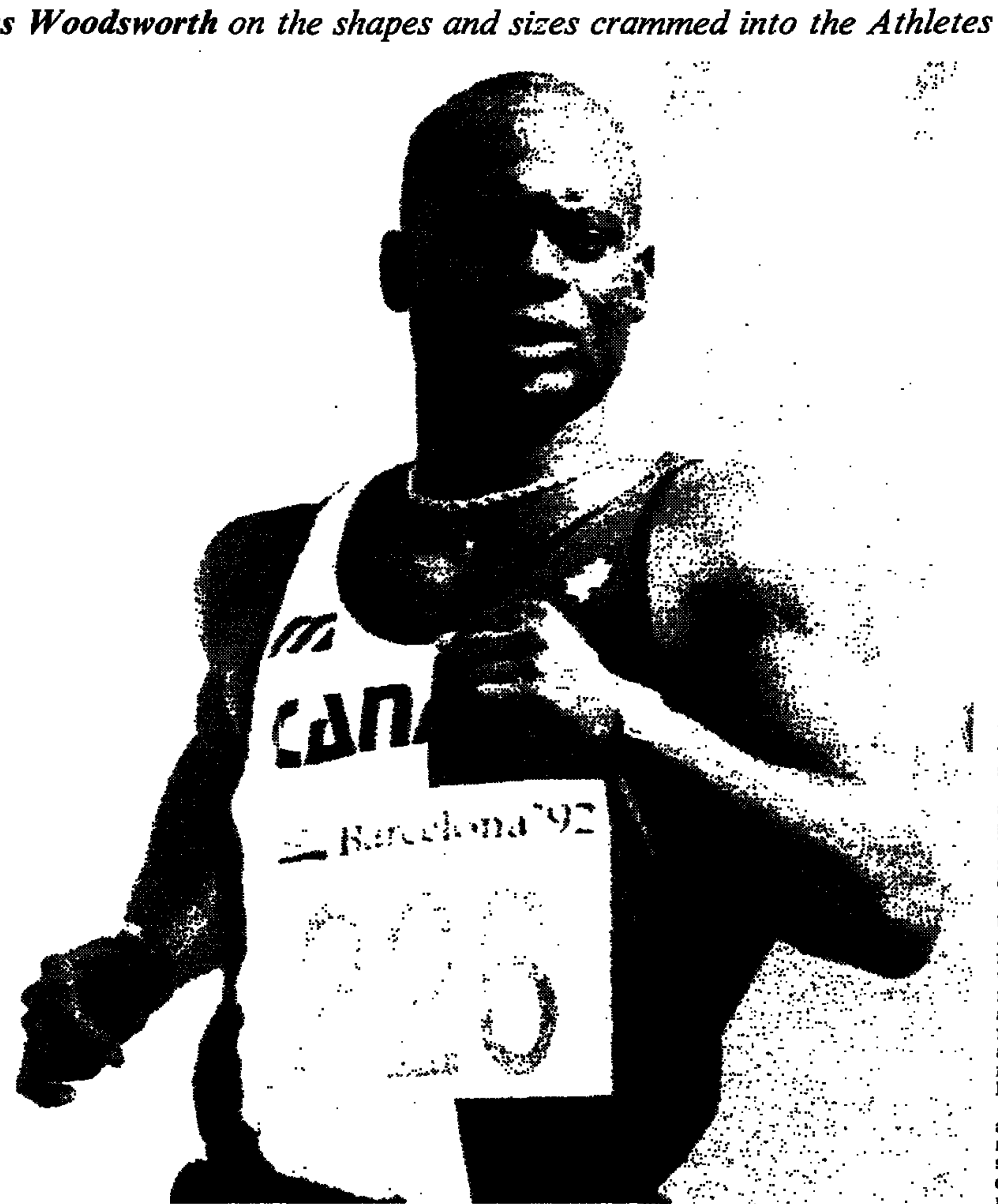
What makes a top class athlete? The first answer must be genetics. We are either born with superlative athletic ability or we are not. We can improve our bodies to some extent, but not beyond their genetic limitations.

Most of us could train until we dropped and still follow only very distantly in the footsteps of British sprinter Linford Christie, who has hopes of a medal.

But simple muscle power is not enough. We all have "slow-twitch" and "fast-twitch" muscles, in about equal proportions. High-performance athletes are different. Sprinters have a very high proportion of fast-twitch muscle for explosive bursts of energy. Sprinters, on the other hand, are all slow twitch for endurance. Christie could never be a good marathon runner, nor could Kenya's hope for marathon gold, Ibrahim Hussein, be a sprinter.

Nor does Christie necessarily have the oxygen uptake capacity that all endurance athletes require. Genetics determine our blood's ability to absorb oxygen and carry it to the muscles. Sprinters or weightlifters do not need high aerobic capacity – they work with oxygen already in their systems – but distance runners, rowers, cross-country skiers and cyclists do.

Physical flexibility is another critical variable. So is hand-eye co-ordination. If there are individuals whose specific physical make-up allows them to excel in certain sports, are there groups of people sharing common genetic characteristics that similarly excel? More precisely, are there certain races that have natural sporting advantages?



Rehabilitated: Ben Johnson of Canada in sprint action yesterday. Drugs aside, say experts, what makes a difference at the pinnacle of Olympic sport is a ferocious will to win, not genetics or origins

In a perfect, just and racially unbiased world, the question would be logical and innocent enough. In the world as it actually exists, it is a question fraught with 1,000 hazards.

Walking around the Olympic Village, one cannot but be struck by the physical appearance of black athletes. To the eye they are bigger, stronger and more muscled than most other athletes.

In certain sporting events they dominate. In the 100 metres final at the 1991 Tokyo world championships, six men clocked under 10 seconds. All eight runners in the final were black. East Africans today are leaders in distance running. Blacks are conspicuously absent, on the other hand, in some sports – a black American has yet to win an international swimming event, for example.

I have talked to sports physiologists (they prefer not to be named) who assure me that blacks – African Americans, Afro-Caribbeans and Africans – are indeed better physically endowed than other races.

Many things about them, they say, are different: their bone structure, their body-limb ratios, the length and mass of their musculation, their body fat content, their bio-chemistry.

The fact is, however, that no research on sports performance by racial category has been conducted since Hitler's attempts to prove Aryan racial superiority. Other considerations aside, such studies are politically unacceptable; no research body in the world would receive funding for such studies.

On the other hand, there is much evidence to suggest that superlative sports performance by blacks is sociologically determined. Kenyan distance runners may excel because they spent childhoods running to school at high altitudes. For many US and British blacks, sport has been a ticket out of the ghetto. A winner is accepted into society whatever his colour.

There is also a bandwagon effect in sport. If an American black won a gold medal for swimming, every black kid on the block in Harlem would start looking at swimming pools in a different way, if he had access to one.

But certain sports bring more money and prestige than others. American male volleyball and swimming teams at the Olympics are white-dominated. If they produced as much financial reward and respect among the black American community as basketball, the US volleyball and swimming teams might have as many black stars as US basketball's Dream Team.

Above and beyond sociology, there are two considerations that make a nonsense of racial superiority in sport. The first is that athletes of any colour are not representative of broad racial characteristics. They are 1-in-1m genetic exceptions whose make-up bears no relation to any means or averages. They stand outside racial considerations.

The second is not physiological, but mental. In high-level competition there is little difference between the muscle power, oxygen up-take or co-ordination of individuals. At this standard of competition, what very often makes the difference between a winner and a loser is mental attitude: a ferocious will to win and the ability to perform under pressure.

This, and not an athlete's origins, is what makes Olympic competition the exciting spectacle and massive gamble that it is.

# Take me out to the ball game

*Peter Berlin attends a Cuba-America baseball clash*

THE Barcelona Games are far too friendly. There are no boycotts and no political protests. Sport's Cold War is over. Instead, the competition is full of plucky, freshly independent little republics. Barcelona is crawling with friendly fans from around the globe. Everyone is cheering, no one is booing.

This niceness is growing wearying. So, this week, I went to the baseball, to see the US take on Cuba.

Baseball is America's national game, but at the Olympics the US team of college boys is David against the Goliath of Cuba's amateur world champions. What I found was a very drab baseball game.

Hospitallet is a glum municipality whose share of the Olympic pork barrel is a lovely little ball park plonked in a field a mile south of the town's glummest fringe. There, fans do the Mexican wave even though the stands only border half the field.

The public address system plays raucous Cajun and country and western music between innings. And a full house sat unti 1am noisily enjoying a slowly and badly played game draw to a predictable close long after the last busses and trains had stopped running.

The college boys started well. They took a 5-0 lead in the first inning thanks to a home run by Michael Tucker and two fielding errors. Antonio Pacheco hit a bases loaded home run in the third inning: 5-4.

Suddenly the Americans began to play like the college kids they are rather than the major league millionaires they will be. They committed one basic fielding error after another. The score only stayed close because the Cubans matched them almost error for error.

After Pacheco's home run, I headed for the stands where I was way-layed by Angelo, Ilyana and Francisco, three Cubans who live in Barcelona. As Cuba scored twice in the fourth inning to take the lead, their fans danced in the aisles, shouting, singing and waving flags.

"Everyone here is for Cuba," said Ilyana. "The Spaniards are for Cuba. The children are for Cuba. Even the Americans are for Cuba."

Well, not quite everyone. Two rows away sat a group from Palm Beach, Florida, some of them slowly drinking beer. Very occasionally one would aim a cheerful taunt at the Cuban fans.

They were used to Cubans, said one of the Floridians. "We've got them coming in all the time, floating in on boats, guys who couldn't make this baseball team."

I sat in an empty seat, notebook in hand. Directly behind me was the biggest and noisiest American. His first yell almost took my head off. His name was Scott Benedict.

Benedict had cast a knowledgeable eye over the Cubans. He had timed them running the previous day and had been impressed by their speed. He also approved of their approach. "I like the Cubans. They know how to play the game."

The game ended at 1am, 9-6 to Cuba. Fans from around the world, who had come together to share four hours of tedium, applauded, then went their separate ways.

HOW TO SPEND IT

# Rituals of a truly British summer

*Lucia van der Post with the latest ideas for the great outdoors*

IN THE days when these things were taken seriously gentlemen were out of town in the summer, or so the 19th century *Gentleman's Handbook of Etiquette* informs me: "... or if he cannot afford to do so, he merely closes his window-shutters, and appears to be gone."

Nowadays, such are the benefits of democratic capitalism, it is not only gentlemen who go out of town in the summer.

Whether it is Cowes or the Open, Goodwood or the Cumbrian Hills, Henley or the Scottish moors, the big outdoor events of summer attract everyone from the hoi polloi to tycoons and aristos.

August usually signals the start of the biggest exodus - what with Cowes, the highlight of the year for the navy-blazer set, running from the 1st to the 8th and the 12th marking the start of the bird-slaughtering season. It is also the month when Scotland is often at its glorious best.

Those who are regular habitués at any or all of these events will need little advice or help for me. For almost all these tribal gatherings the rituals are long-established, the nuances of dress and behaviour long honed by convention and practice.

However, every now and again something new enters the field and even the most traditional and well-established of companies has to take fresh stock of its ranges. Here are just a few of some of the best and newest ideas around...

## You too can be dressed to kill

BANKS MAY fold, pension funds disappear, company profits tumble but, judging by the activity among purveyors of traditional country clothing and accessories, taking pot shots at birds, stalking deer and casting for salmon goes on for ever.

Even now the keen shot is oiling his gun, bringing his plus-fours out of the wardrobe and packing his bags, ready to head for hill and heather.

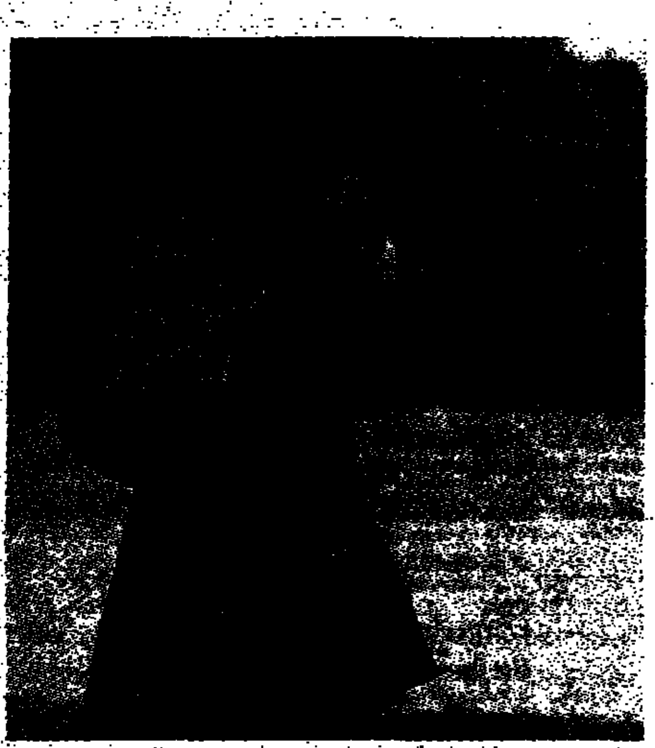
When it comes to clothing most aficionados know that the old names are the safest. They may safely put themselves and their needs in their hands, confident that in their clothing and accessories they will breach no rules, offend no etiquette.

At Holland & Holland, 31 Bruton Street, London W1, there has been a great deal of new activity since it was taken over by Chanel last year.

It has always had a good collection of traditional country wear but, this season it has its first own-label collection, all British-made, on sale.

As women shots are increasingly being allowed to do more on the moor than just see to the lunch, proper shooting clothing for women is a necessity and, in September (sadly not in time for the glorious 12th) Holland & Holland will have tweed jackets which can be teamed with tweed breeches, skirts or trousers in two or three colours.

Chaps, though, can get themselves splendidly kitted out - the shooting suit pictured (above left) comes in two different tweeds.Its particular claim-to-fame is that it has a phitwell, or cross-gartering elastic, across the shoulder blades, making it splendidly easy to raise the arm to take aim. They can be bought off-the-peg or made-to-measure, from £1,350.



There is also a splendid collection of unisex weatherwear which is designed to cope with the kind of foul weather that seems to go hand in hand with shooting, deer-stalking and fishing.

Made from 100 per cent waterproof traditional mackintosh fabric, it is lined in *old-fashioned Austrian Loden* - not as breathable as Goretex, but warmer and, of course, completely waterproof.

It comes in all sorts of shapes and lengths, from full-length raincoats, to three-quarter length coats and jackets.

Some have quilted linings with detachable hoods, others have special pockets for carrying dog leads, for wet gloves and no doubt even for stuffing away the odd bird. Prices start at £325.

Footwear is important. Before the war, it seems, gentlemen wore leather boots or pattees; today a gentleman might look at Holland & Holland's Churchill shoes, photographed above left.

Water-resistant, with very strong grip soles, they are £295. Photographed beside them is a selection of shooting stockings, *£55 a pair. If it is really likely to be damp and cold* leather-lined wellington boots are the real chill-beaters.

Gieves & Hawkes pukka shooting gear has been developed exclusively for Asprey (as I report elsewhere on the page) but, being long-established gentlemen's tailors, there has always been a good selection of traditional country wear.

For this winter Gieves & Hawkes has brought out a collection of country clothing that can be happily and fashionably worn both on and off the grouse moor.

Photographed top right are some selections from the collection. A waxed cotton sleeves gilet jacket (£225) is worn over a pure wool crew neck sweater (£125). The shirt is pure cotton (£49), the tie, pure silk (£45) while the brown *check plus-twos* (less conspicuously full than plus-fours) are in pure wool and cost £150.

Hands and feet get very cold *on those damp moors* so the soft leather shooting gloves with silk linings sound worth the £65 outlay. The leather-lined Wellington boots are £180. Shooting stockings (never, call them socks) come in various colours and patterns and cost £59 a time while the essential garters are £7.50. Gieves & Hawkes are at No.1 Savile Row, London W1X 2JR.

## Time to set sail

COWES WEEK this year will be much enlivened by the presence of the fleet of ten identical 67-ft yachts which will race against each other in the British Steel Challenge Yacht Race around *the world starting on* September 26.

The race is the brainchild of Chay Blyth who did a bit of lateral thinking on yacht racing.

Whereas most races are determined by a combination of hi-tech nautical engineering and the crew's skill, with very often the competitor with the most money to throw at the problem coming in first, this race, for the first time, pits ten identical yachts (with hulls made from British Steel and designed by David Thomas) against each other.

In other words, for the first time, *the skill*, drive and determination of the crew should determine the winners.

What further makes the whole enterprise so interesting is that although each yacht is skippered by a properly-trained yachtsman the rest of the crew on each boat are all amateur volunteers They are from every walk of life - dentists, doctors, carpenters, policemen, solicitors, secretaries, vets, crane-drivers, funeral directors, and chefs - each with his or her own reason for wanting to spend the next eight months in some of the most uncomfortable conditions known to man.

All this should give the social set something a little different to think about as they make their merry way from boat to shore, dexterously changing from seafaring togs to black-tie and back again.

As anybody who has ever been to Cowes knows, the matter of dress is of crucial *importance. Real sailing gear* should, above all, look properly broken in - nothing too bright or too new should ever hit the deck. And when it comes to colour there is really no choice - the colours of the Senior Service have always been navy-blue and white and they are hard to beat.

Sensibly, when it came to designing a range of functional, tough sailing gear suitable for every nautical mood from bone-aching arctic winds to scalding tropics, Uffindell & West stuck to these tried and tested colours.

Made by Kent & Curwen, *the sportswear specialists*, the range offers something for anybody who likes messing around in boats as well as for those who just like to dress down at home.

Reasonably priced, at £35 for a sweatshirt, £26 for a piquet polo shirt, £28 for *Bermuda shorts, £39 for jogger* pants, it is all good sturdy stuff.

As you can see from the photograph here, the range is for men and women, much of it, like the T-shirts and polo shirts are unisex, but all of it designed not for show but for comfort and practicality.

It can be bought by mail by telephoning 0793-706888 or by writing to Uffindell & West, PO Box 200, SN2 5BD.

## It's in the bag

THOSE who are heading north of the border might like to know that Hunters of Brora has used three of its sturdy 22 oz Carrol tweeds to make four splendidly rugged looking bags.

Colours are the soft hues of the Scottish highlands - gentle greens, browns, mustards and heather - and the lining is of an olive green canvas. The trimmings are leather. The Weekend Bag, photographed here, is 25 in long by 13 ins wide by 12 in deep - small enough to slip under the seat on the flight to Edinburgh or Inverness, yet large enough for most weekend needs. With an outside pocket and a clip-on shoulder strap it is £175.

The Cartridge Bag can be used as a country handbag. Made from one of three Carrol tweeds, it is 12 in wide by 10 in deep and sells for £69.50.

The Country Bag, with two outside pockets, is big enough to carry books or maps, fishing reels and fly boxes (£89.50). The Rambler Bag, a bit larger than its country cousin, is large enough to take a packed lunch, binoculars, cameras and maps and costs £149.50. Visitors to Brora in Inverness can buy them personally from the shop or tel: 0408-621366.

## Hoping for a sales boom

WHEN IT comes to guns the trade is hoping for boom times. The established leaders in the field, James Purdey and Holland & Holland seem to have a head start over their rivals.

Customers from Saudi Arabia, Hong Kong and the US, are happy to join an 18-month waiting list for a pair of hand-built guns and pay £50,500 plus VAT simply to own guns by the hallowed names.

*Nevertheless*, Asprey, the jewellers, in spite of the most unpropitious economic climate,has opened a gun room and now has its own craftsmen building sidelocks to the finest specification.

As Edward Asprey, director in charge of the project, puts it: "With *other top London gun*makers around there was no point in us making guns unless we could match them for quality. I believe we have.

"London guns are still sought-after the world-over and with so many of the old names now gone we feel quite sure there is room for us in the market, too.

Edward Asprey is a keen shot. He started with an airgun and graduated to shooting tin plates thrown by his father with a No. 2 saloon gun. There seems almost nothing he does not know about the sport.

"We have gone to immense trouble to make sure we give value for money. A pair of guns will cost £61,000 (inc VAT) but they will be deep-scroll engraved, will be self-opening, hand-built and will be presented in their own double leather case."

With such a new operation (the gun room only opened last November) you might think you could buy a gun in a hurry - alas no, the waiting list at Asprey is already up to 14 months.

Those who are not in need of guns, but are seeking some of the appurtenances the sport requires, might like to know that there are very posh cartridges (from 12 bore to .410 calibre) with Asprey written all over them, as well as immensely chic leather cartridge bags and belts.

Needless to say, like any proper gun-maker, the gun-room will repair and overhaul, doing anything from restocking to rebarrelling.

For clothing, Asprey turned to Gieves & Hawkes, feeling that the expertise of a professional tailor was required. So, there is now an exclusive range of shooting suits which can be bought off-the-peg or made-to-measure.

The gun room at Asprey has its own entrance at 23 Albemarle Street, London W1X.

## The love of killing

■ Continued from Page I

*threat to their cod quotas. In* 1972 a national referendum extracted a vehement Nei to EC entry - particularly from the north - and no government has tried since.

Oslo ministers are adamant that the whaling decision is not a bribe to persuade the north to back a new referendum, but one local mayor, Mr Sigbjoern Eriksen of Nordland, welcomes it for the help it will give the fishing communities.

"Whaling will be one of several matters for negotiation if we decide to apply to the EC in November" the foreign ministry says smoothly, but the row is unlikely to have dissolved by then. The government has earned itself a difficult autumn, spoiling a promising though incomplete scientific case with inept diplomacy and isolationist rhetoric.

Meanwhile, the Lofoten whalers look anxiously on. Greenpeace, the lobby group which has made its name by harassing whaleboats, last week tracked down one of Haug's research boats and has since deterred it from killing more whales. Leif Bendiksen, the 84-year old head of the clan, says "We're all uncertain. It's not sure this will go through. We're just a small nation."

From the porthole of the *Malnesfjord* Roald Olsen looks out at the sea. "I feel bitter, after hunting for so many years. To be up by Spitzbergen, in your own boat, there is nothing like it. It is my greatest desire to hunt for whales again."

TRAVEL

# To swim in the Dead Sea, first store your Sten gun

DINING on St Peter fish on the promenade at Tiberias, with a bottle of Golan white at my elbow, the waters of the Sea of Galilee at my feet and a sky of black velvet overhead, I was ready to sink into a Biblical reverie.

Then the disco cruiseboat, fairy-lit from stem to stern, came throbbing through the waves. A minute later, two flights of Cobra helicopter gunships, lights extinguished, clattered across the firmament on their way home from a retaliatory raid against the PLO in southern Lebanon.

Was this the "Galilee Experience" promised by the neon sign on the town's main street?

In the ruins of Caesarea, Herod the Great's Roman city on the Mediterranean coast, a party of sixth-formers sat on the broken steps of the amphitheatre to listen to their teacher read from the guidebook. Two of the giggling girls carried automatic weapons and a curly-haired youth waved a sub-machinegun.

Down on the Dead Sea shore a soldier in outsize battledress wandered into the men's changing room of the spa hotel holding his ticket in one hand and dragging a Sten gun with the other. We helped him cram the oily monster into a tin locker so that he could undress for his swim.

At the foot of the *tel* at Megiddo, a mound of earth 25 layers deep in history, a middle-aged couple from the Ukraine played 18th-century violin duos. These genteel buskers in the ruins of Armageddon, scraping a living within earshot of King Solomon's stables, were unemployable Zionist refugees in the modern state of Israel.

In spite of its profound Biblical associations – ones which still infect the extremes of national politics – Israel is not a country in which nostalgia can be indulged for long without the intrusion of the present.

The five-star sites of Christian pilgrimage, such as Nazareth, Bethlehem or Gethsemane, have been smothered by naive, overblown modern architecture. Even the Church of the Holy Sepulchre in the Arab quarter of old Jerusalem is magnificently vulgar.

But the new can never quite subdue the old. Parts of the Galilee lakeshore remain untouched: you can wander down the grassy Mount of Beatitudes, swim in the cold water and sit watching the ancient fishing vessels with only lizards and rock rabbits for company.

Israel is a poor, progressive and neurotic country where past and present are more entwined than in any other place I can think of. Nothing is more ancient than the stony hills of Judaea and Samaria in the West Bank and nothing more modern than the regimental lines of low-rent villas that are being spread across them by the expansionist Israeli occupiers.

From the inside, Tel Aviv appears a raucous, modern European city. From the outside it is a sprawling, polluted shambles. In the old city of Jerusalem you can walk, in three paces, from the scruffy Arab souk to the triumphantly restored Jewish quarter with its spanking new piazzas and condominiums.

***Christian Tyler is intrigued and exasperated by Israel***

Israelis have treated their past well: their museums must rank with the best in the West. But it is the present that preoccupies them. My guide, a paratrooper when on reserve duty ("elite corps," he said, proudly patting a middle-aged spread) and veteran of the 1981 invasion of Lebanon, was irritatingly and charmingly typical. Like many younger Israelis, he is agnostic, lives in Tel Aviv with a smart lawyer wife and would never dream of moving to the holy city so long as the ultra-Orthodox have such influence there. He laughed as he pointed out a kibbutz where pigs are raised, and I am sure was not above eating the occasional "white steak" himself.

He stood respectfully to one side as a party of nuns took turns to kiss the stone at the spot where Christ's crucifix is supposed to have stood and was assiduous in his pursuit of other Christian shrines. But it was in the border areas – by the fence at Metulla where soldiers slept in the sun after night patrol in Lebanon, or driving past the minefields and deserted barracks of the Golan Heights – that he really came alive.

We scrambled over a bunker, now a tourist showpiece, from where the Syrians used to lob mortar shells into the kibbutz below. Why, I asked him, were women and children allowed to live within range of the Syrian artillery, or of the Katyusha rockets from Lebanon, or of the PLO guerrillas who crept through the perimeter fence at night to cut their throats?

"This is our land," he replied. "Should we not be allowed to live on it?"

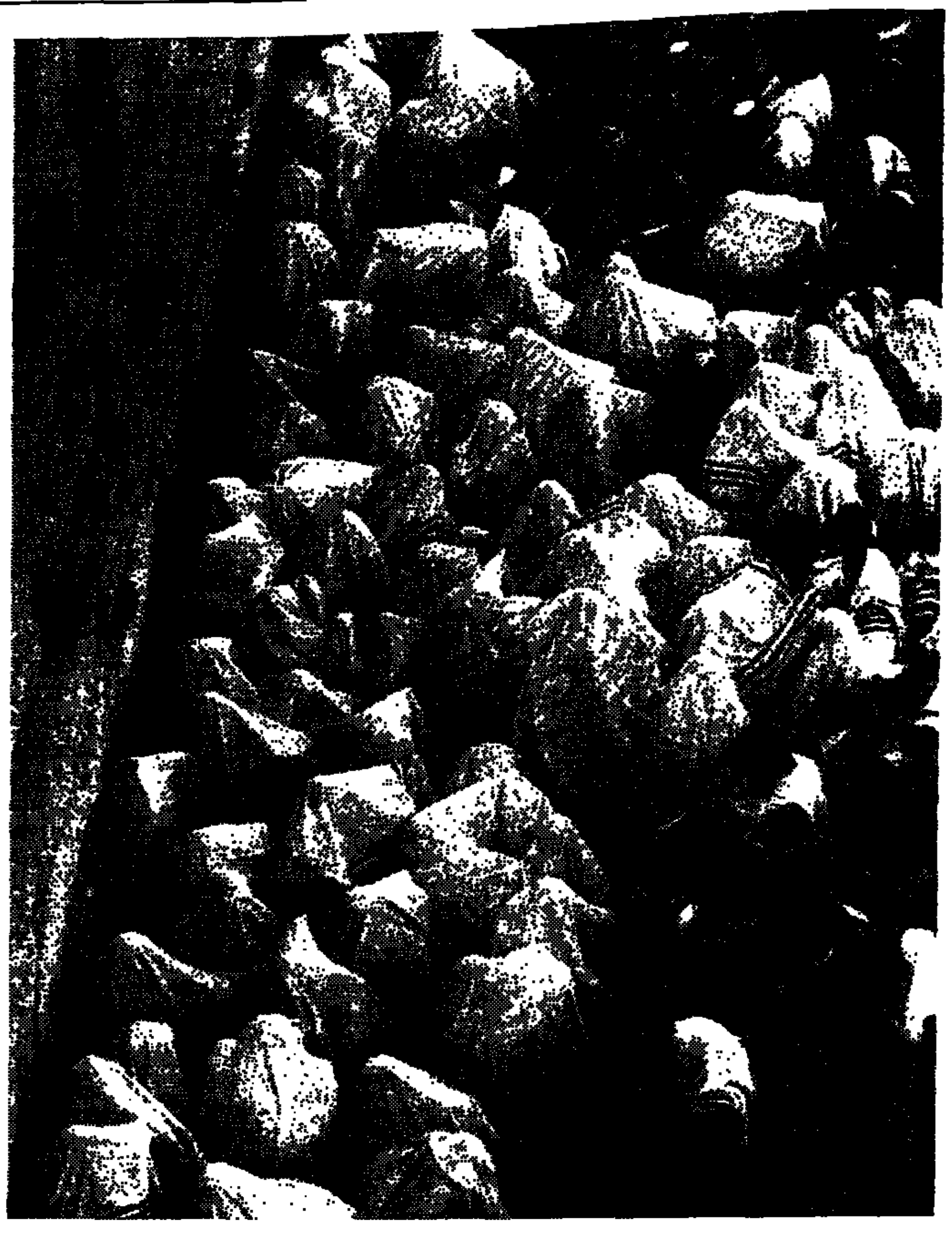
He exhibited a characteristic Israeli chauvinism, not necessarily or primarily anti-Arab, in which everything built or planted since 1948 was due to "us." "Here you see an Arab village," he would say, "but up here we are building a Jewish village. One day it will be a big town." Or: "Here we have planted eucalyptus trees; there we are growing new kinds of tropical fruit." Even the migrant storks that flocked over the fields became "our storks."

Israelis are still reluctant to visit Arab east Jerusalem after dark or to shop in the Old City, even though the Arab uprising in the occupied territories, the *intifada*, has subsided and the peace talks have been revived by Labour's win against the hardliners of the Likud party in the recent general election.

Provided they are reasonably careful, however, tourists need not feel too inhibited. Israelis will discourage them from venturing into the Arab towns of the West Bank (where the reality of the occupation is on show), but most difficulties can be overcome by simply hiring a Palestinian taxi with West Bank licence plates.

There, on the Jericho road or along the Jordan valley, tourists will find enough to satisfy the hungriest appetite for Biblical tableaux: flocks of sheep and goats driven by children, peasant farmers in their smallholdings, wayside encampments of bedouin.

But even more compelling for me is the evidence of the present: the remains of Israel's bloody birth, the aggressive, intense yet self-critical behaviour of its people, the continuing conflict between ancient claims and modern democratic sensibilities. It is that which makes Israel so intriguing and exasperating.



"This is our land. Should we not be allowed to live on it?"

# A dark and mysterious Irish ritual

AS DUSK falls at this time of year, a group of men dressed in camouflaged jackets and hats regularly gathers on Inchy Bridge, a peaceful spot on the Argideen river about 20 miles south-west of Cork in southern Ireland.

There is an almost clandestine ritual about these meetings. Names like Connemara Black, Bloody Butcher, Silver Teal, Keyhole, Strawberry Ivy and Big Flat crop up like code-words in the conversation.

Then, as it gets dark, heads are counted. There is discussion as to whether lots should be drawn. Most of the dozen that have gathered are locals, but one is a Welshman who has arrived with his teenage son. "Ye look as though you've done this bifore," says a voice in a West Cork brogue. The Welshman nods agreement. There are grunts of approval. A few sidelong glances are cast at my denim jeans and shiny, new Wellington boots.

"Yer man here is new. It's his forst time. Maybe he should go down by the Metal," says another. They decide to draw lots. There is a distant rumble of thunder. Below the bridge, above the steady gurgle of the river, a splash is preceded by the silver flash of a fish as it leaps from the water.

These people are fly-fishermen. From now until October, the sea trout which is their prize return from their winter ocean habitats to spawn in the upstream pools where they themselves began life just a year or two before. The sea trout is renowned as one of the shiest fish to take a bait, and then usually only at night.

Connemara Black, Silver Teal and Bloody Butcher are the artificial flies that are painstakingly assembled by the enthusiast to resemble the real flies the discerning trout will, on occasion, rise to. I was there, an impressive two hours' instruction in the art of fly casting behind me, to try my luck with the veterans.

The Argideen river is now one of the best sea trout rivers in Ireland, especially since the collapse of sea-trout angling on west coast rivers, which has been blamed on sea-lice infestations spreading from salmon farms. In May a fishing lodge opened for business on the river, the first and only one of its kind, as permits are jealously controlled by the local anglers' association.

It is owned and run by Tim Severin, the travel writer, explorer and author, who has lived in the area for 20 years. The lodge consists of four cottages built from the converted granary of an old mill. They offer self-catering accommodation for up to six people in each, though only one rod permit is available per lodge. The lodges are fully-equipped and tastefully decorated with a view to attracting not just fly fishermen but their families as well. Nearby attractions include horse riding, hill walking and boating.

For the anglers, though, the Inchy Bridge ritual is the focus and start of each night's sport. It is at Inchy Bridge that the fishing spots along the two-and-a-half mile fishery are assigned for the night. Big Flat, Keyhole and Metal are the names given to various deep pools which the sea-trout frequent on their journey upstream. Then, armed with a whippy piece of carbon-fibre, 20 yards of thick, rubbery line at the end of which is tied the fly, and a map for newcomers, the anglers step gingerly along the river bank.

The sea-trout taunt the fishermen. Swirls and splashes in the water confirm their presence. Flies are cast and drawn back across the pools and current and then patiently recast time and again.

A few yards down the river bank there is a murmur of excitement. "Have you caught one?" whispers an excited voice. "To be sure I have. It's 25 ft long and full o' leaves," came the reply from an angler grappling with a tree behind him in the darkness.

As the night wears on, the leaps of the trout disappear as they tire of the game. Only the swish of the rods can be heard. As night stretches into the early hours, only the optimists remain by the riverbank and even they head for their beds a few hours before dawn. As I grope for the path back to the lodge, there is a swirl of water behind and a loud splash. Then another. I seriously start to believe that sea-trout have a sense of humour.

Not all of them have the last laugh, though. An average of 400 per year have been caught in the Argideen over the past 10 years. In 1933, one man fishing at Inchy Bridge caught 53 sea-trout weighing 135 lbs, says a leaflet of the Argideen Anglers Association. A donkey and cart was used to carry them away.

Such stories undoubtedly help to enrich a sport that is arcane to most but an obsession to a few. Yet there is an infectious and intriguing appeal about attempting to lure one of these cunning creatures onto the hook, even if you return it to the water again.

■ Prices range from I£145 per week per lodge at either end of the May-October season to I£310 per week in July and August, and are remarkably good value.

Argideen Fishing Lodges, Inchy Bridge, Timoleague, Co Cork, Ireland. Contact Tim Severin, tel: (353)-23-46127 or fax (353)-23-46233.

***Tim Coone***



Motoring

# A Rover coupé with few rivals

ONE majored on luxury, the other on high technology. Both were new arrivals in niche markets catering for affluent seekers after sportiness and individuality.

The Rover 800 Coupé is an elegant two-door development of the 800 saloon that has become Britain's best-selling executive car.

Large two-door saloons – for this, in spite of the coupé tag, is what it is – have never been very popular in the UK. In the main, the British like their big cars to be four door saloons or estates.

So, at £30,700 including absolutely everything – from automatic transmission and leather seats to air-conditioning and a radio/tape/six-disc CD autochanger – the 800 Coupé has few obvious rivals. The only extra listed is a driver's crash-protection airbag (£750).

The showroom price of a comparable Mercedes-Benz 300CE equipped to the same level would be about £5,000 higher although a three-litre Honda Legend coupé, with similar goodies to the Rover's but not at all traditionally British inside, is £28,995.

The Rover's pale hide, hand-stitched and dark-piped, and plentiful burr walnut would make a Jaguar (perhaps even a Bentley) driver feel at home.

An 800 Coupé might even be seen as a replacement for a Jaguar four-litre XJ-S coupé (£33,442 list with automatic transmission).

This veteran two-door cannot, however, seat four people, nor can its boot swallow two sets of golf clubs in their trolleys.

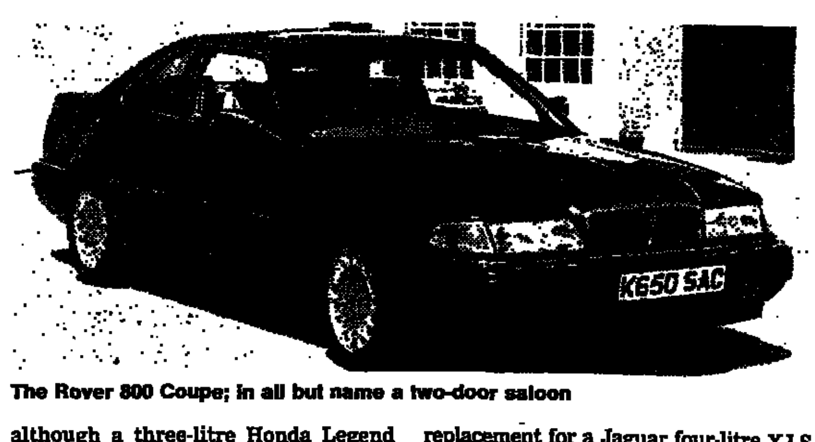
The Rover Coupé's does, with plenty of space to spare for weekend bags. And four full-sized people have lounging room in front or back seats.

Mechanically, the 800 Coupé is no different from a Rover Sterling. The Honda-supplied 2.7-litre, 24-valve, V6 engine puts out a smooth 169 horsepower and is well matched to the four-speed automatic. The suspension is quite soft and the power-assisted steering very light indeed.

Cruising on the motorway, the 800 Coupé is almost free of wind, tyre or mechanical noise. Even an open sunroof (does an air-conditioned car need one?) creates little disturbance in the car.

Like big Rovers of old, it is a typical senior partner's car, unlikely to be chosen by the press-on-at-all-costs kind of driver. Which makes Rover's choice of decidedly low-profile, 55 series tyres on 16-inch wheels surprising and, I suspect, mainly cosmetic.

They give sharp steering response and masses of cornering grip. But a less-squat tyre would not thump so disturbingly on rough minor roads.



The Rover 800 Coupe; in all but name a two-door saloon

# State-of-the-art performance

THAT over-used term "hi-tech" really does apply to the Mitsubishi 3000 GT. How else can you describe a twin-turbocharged, V6-engined super-car with four-wheel drive, four-wheel steering, electronically-controlled suspension and aerodynamic aids that pop up and down according to your speed?

Mitsubishi Motors says its integrated systems (the four-wheel drive and steering, ABS brakes, electronic regulated suspension and so on) make driving easier and less stressful. I will second that.

No car with a 155 mph (250 kmh) potential and 0-62 mpg (0-100 kmh) acceleration time of 5.9 seconds could be more user-friendly.

On busy roads in Bedfordshire and Hertfordshire, it ambled along at 35 mph (56 kph) in fifth waiting for a moment to overtake.

Slipped into third and right foot down, it leapt forward like a jet fighter. Used responsibly, nothing could be safer.

At 140 mph (225 kmh), still in Bedfordshire but on the Millbrook proving ground's two-mile bowl, it felt as relaxed as it had at half that speed on a dual carriageway.

Pushed hard on a winding, hilly, handling circuit, the 3000 GT's traction, braking capacity, cornering grip and sheer good manners made it flatteringly easy to drive.

The V6 that pulls uncomplainingly at little more than 1,000 rpm at 30 mph (48kmh) in top yowls eagerly and tunefully up to 6,000 rpm and more in the gears.

For a car on 17-inch wheels and ultra-squat tyres – specially-developed Dunlop SP Sport 8060s – the 3000 GT rides with surprising shock-absorbency.

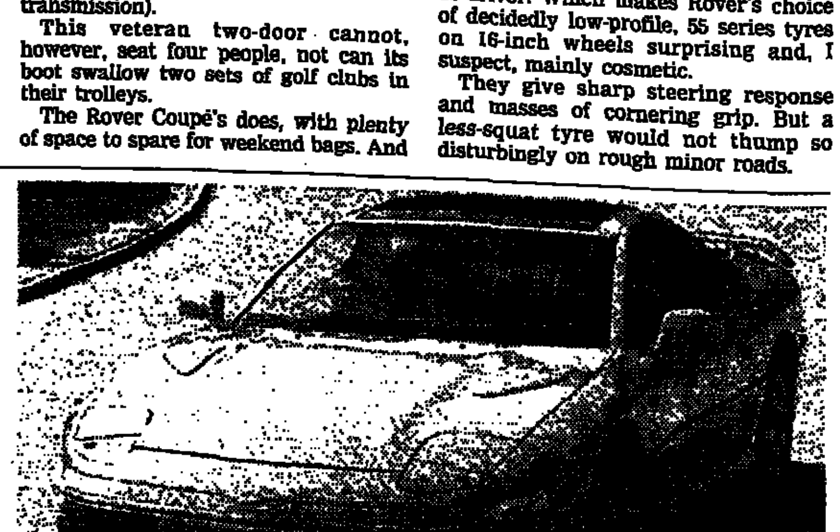
It comes with air-conditioning – essential equipment in this kind of car – and a driver's seat with inflatable bolsters that fit round one's form like a surgical corset. The rear seats are notional rather than practical but the tailgate lifts to reveal a fair amount of luggage space.

At £35,500, a Mitsubishi 3000 GT 2+2 is £20,000 cheaper than a mid-engined, strictly two-seat Honda NS-X and around £4,000 less than a Porsche 968. But it is dearer than a Nissan 300 ZX (£32,775) and the just-announced Subaru SVX (£27,996).

One hundred 3000 GTs will come to Britain this year and deposits have been taken already on more than half of them.

The UK market for high-performance sports cars and coupés is not what it was. From 11,110 in 1990, it fell to 7,481 last year. Only 2,965 were sold in the first six months of 1992.

Recession, soaring insurance premiums and an increasingly tough response by police and courts to serious speeding are to blame.



The Mitsubishi 3000 GT 2+2. No high-performance car is more user friendly

BOOKS

# Pasolini: the theorem completed

*William Weaver welcomes a fresh insight into the director's life*


OUTSIDE Italy, Pasolini is known chiefly, if not exclusively, as a film-maker, and beyond any question the dozen or so films he made bear the unmistakable imprint of his vital, iconoclastic, tormented mind. But for Italians – and, I think, for Pasolini himself – his writing, his poems, novels and essays, represented the truer, more complete expression of that mind, that exceptional personality.

His letters, too, are self-revelatory, and the collection painstakingly assembled and cogently introduced by his cousin, Nico Naldini, forms a fascinating document, not only about Pasolini but also about the Italy of his time (he was born in 1922 and died, murdered, in 1974). Son of an army officer and a school-teacher, he spent his early youth in various northern Italian cities, then remained for most of the war in his mother's native area, Friuli, whose dialect became one of the first serious vehicles of his poetry. His younger brother was killed in the Resistance. Shortly after the war's end, accused of corrupting the young, Pasolini was driven to leave Friuli for Rome.

He arrived there in the early 1950s, broke, virtually unknown, branded. But he soon had a circle of admiring, helpful friends, including older and influential poets such as Attilio Bertolucci and Giorgio Caproni, and several perceptive critics. It was then that, through Caproni, I met him, and like the others I was immediately impressed. From the first moment, something about him – the intensity of those bright eyes in that hewn, almost hard face; the quiet assurance of his soft voice with its (to me exotic) northern accent – told you there was a special quality about this shy young man in the ill-fitting suit and the frayed shirt.

A book of his poems (he says in one of these letters that he considered it his "first book") in Friulan dialect had just appeared; I read it, not without a linguistic struggle, and the first impression was confirmed. I also read a haunting poem in Italian, "The Appenine", and turned it into English: it was his first translation into any language. By then we had become friends: a curious friendship in which his total seriousness always made me feel frivolous, and his steel determination to be a writer (and, it was clear, a famous writer) contrasted with my own aimless uncertainty about a future direction.

Rome in the 1950s seemed a

**THE LETTERS OF PIER PAOLO PASOLINI: VOLUME I 1940-1954**
**edited by Nico Naldini, translated by Stuart Hood**
*Quartet Books £25, 526 pages*

city of aspiring writers, assailing the bulwarks of the establishment: the state radio, the respected magazines, the flourishing cinema. Through his friendships (and, of course, his talent), Pasolini was soon on the inside track. He began winning prizes, contributing to reviews like *Paragone*, directed by the awesome Roberto Longhi and his formidable wife Anna Banti, frequenting the parties of another crucial couple, Alberto Moravia (who was to be his lifelong friend) and Elsa Morante. But then, at a certain hour of the evening, he would slip away to his other life, a hidden Rome, where he found not only sexual satisfaction but also literary inspiration.

In the capital's literary salons, he sometimes seemed the ambassador from another, very foreign world. If he made powerful friends, he also made powerful enemies, and with both he could be excoriatingly sincere. Some – too few – of the 425 letters in this first volume have an aggressive frankness that must have taken the recipients aback (the correspondence with the rather stuffy senior critic Enrico Falqui has lost none of its sharpness). There are very few "confessional" letters, but those to his perceptive friend and confidante Silvana Mauri portray a vulnerable, self-critical youth in pain: these are the letters of a real writer.

Other letters – many other letters – introduce us to the less admirable aspects of Italian literary life, the canvasing for prize-jury votes, the requests for recommendations and introductions, the reciprocal reviewing and, on occasion, the flattery. Pasolini himself regretted the necessity of these manoeuvres, and – it must be said to his great credit – he wrote as many or more letters on behalf of others as in his own interest. Still, these time-consuming machinations make slightly unpleasant reading today; and, ironically, a great number of such letters survive while, one suspects, many others, perhaps more personal and more engaging, have been lost or destroyed or not made available to the editor.

Letters, usually written only for one reader, are hell to translate; in facing this immense volume Stuart Hood has worked with insight and sensitivity and, as a whole, his achievement is considerable. Some problems are insoluble, such as salutations and closings: "*Carissimo*" can indeed be very affectionate, but not always, and similarly "*un abraccio*", while it does indeed mean "a hug", somehow sounds more physical in English.

In a few moments perhaps of weariness, Hood succumbs to the lure of *faux amis* (*governante* is not "governess", *inchiesta* is not "inquest", *attuale* is not "actual," and an *accelerato*, God knows, is not a fast train). But the feel of the letters is there, and the figure of Pasolini emerges.

Not wholly, of course. To understand him fully, the reader must turn to the poetry, the prose, the cinema. This book – and the companion volume we can presumably expect – will be invaluable supplements to the real work. For, as he knew from the beginning, Pasolini was, before anything else, an artist.

# Magisterial but not infallible

*Derek Davies reviews a major new work on China's history which will appeal to the general reader*

IN WHAT was possibly the most dramatic episode in the life of a gentleman scholar, John King Fairbank, doyen of American China-experts, delivered the manuscript of this history to his Harvard publishers on a September morning last year, and that afternoon died of a heart attack. The only unfinished section of the text was, uncharacteristically, the acknowledgements.

The book is a suitable swan song, probably the best and certainly the most magisterial survey of China's history. It spans the Chinese saga from 200,000 years ago when Peking Man, the hunter/fisher/gatherer and probable cannibal, flourished in caverns a few miles southwest of a contemporary mausoleum housing the mummified remains of Mao Zedong, a much more deadly predator.

Fairbank's book comfortably deals with the huge distances of time and space, knitting the development of Chinese society (or rather of Chinese culture) together with the repetitive patterns picked out with great intelligence and urbanity.

However, this is a work for the general reader and, as such, is largely a summary of Fairbank's life work and a survey of the current state of establishment Chinese scholarship in general. It adds little, apart from the intelligent commentary and perspective he provides, to what those already interested will know.

Fairbank rehearses the social and cultural explanations of what makes up the special "different" characteristics of the Chinese people. The transplanting of rice "certainly the greatest expenditure of muscular energy in the world" in a country where land is economically more valuable than labour sets up a "vicious interdependence" which creates hostility to machines and labour-saving invention, as well as inspiring filial respect in sons awaiting their inheritance.

He contrasts the "culturalism" of the Chinese – a nationalism born of a unified identity defined by the surrounding hordes of Inner Asian "barbarians" – with European nationalism born of contact with other nation states. The Confucian and neo-Confucian hierarchical social structures are likewise seen as admirable, indeed enviable, reflections of history and an innate culture.

All such "approaches to understanding China's history" are within the great tradition of western Sinology, where the academic who understands and empathises with Chinese civilisation feels himself duty-bound to communicate his special expertise and adjure the ignorant to make due allowances in dealing with and judging China; this process tends to be a one-way flow. Such attitudes have shaped generations of Orientalists who have reached high positions within the US State Department. Even President George Bush's short posting to Peking was sufficient to persuade him that he has special insights, leading to his insistence that the Tienan-

**CHINA: A NEW HISTORY**
**by John King Fairbank**
*Harvard £22.25, 510 pages*

men massacre and subsequent violations of human rights should not deny China most-favoured nation status in trade.

The same attitudes are rife among the Orientalist mandarins of Britain's Foreign Office (Sir Percy Cradock, for example, who persuaded John Major not to annoy Peking by receiving the Dalai Lama). Hong Kong's retiring governor, Lord Wilson, left the colony angrily denying that his qualifications had predisposed him to "kow tow" ("dreadful word!") to the Dragon Throne.

The Fairbank school helped inspire an academic backlash of revisionists unwilling to swallow the China apologists' arguments. These were frequently exploited by the leaders of such authoritarian states as China itself, Singapore, Hong Kong and Taiwan, as a rationale for dictatorship and human rights violations ("You do not understand; we Chinese have no democratic traditions"). Much the same has been happening in the field of Japanology, in which modern scholars are increasingly unwilling to explain away single-minded protectionism and market domination in terms of a cultural tendency to seek consensus. But the names of such brilliant "revisionists" as Simon Leys are not to be found among Fairbank's acknowledgements or suggested reading.

In spite of Fairbank's urbane mastery of the subject, his book betrays a nervous defensiveness. "US citizens who feel inclined to bash China's dictatorship," he writes gratuitously, "may usefully recall their nation's difficulties in the exercise of freedom and power." Even more gratuitously, he goes on to recall the Kennedy assassination, Nixon's dishonesty and a recent Hollywood product who "lived a fantasy life, lying to himself and the public to make us feel good", which presumably helps to put into perspective Mao's killing of "millions and millions of Chinese" and Deng Xiaoping's dispatch of the tanks into Tiananmen. Anyway, US shortcomings, in Fairbank's view, explain the reluctance of the old men in Peking to have China flooded with pop culture and invalidates "the appropriateness of the American model for China's modern transformation." So it does, but two wrongs hardly make a right.

Only at one point does Fairbank admit misjudgment, which occured a forgivable number of years ago. He ascribes the lack of any serious discussion of the practice of foot-binding by the social historians of China to an "occupational quirk of sinologists, a secondary patriotism or sinophilia that may lead otherwise hard-headed scholars to want to say no evil of the object of their researches." This breathtaking admission is footnoted with a confession which is even more damaging in its implications: "For an outstanding example of sentimental sinophilia see my statement in *Foreign Affairs*, October 1972, that to a certain extent the Maoist revolution was the best thing that had happened to the Chinese people in many centuries."

So much for the balanced search for objective truth which academics would have us believe inspires their researches. At least when journalists get things wrong no one accords them the infallibility with which Fairbank was credited by so many of his students.

# How Catholics came in from the cold

LIKE Arlott on cricket or Elizabeth David on cooking, Mark Bence-Jones' books about the British aristocracy are well-known for mixing anecdote and magisterial knowledge into a marvellously engaging read. Today, figures such as the Duke of Norfolk and the Marquis of Bute belong so recognisably to the Great and the Good that it is startling to recall for how long Catholics were shut off from the political and official life of the nation.

The first of the series of Test Acts in 1672 debarred Catholics from holding office or sitting in parliament. By 1778, though, the date at which Bence-Jones begins his history, the advantages of not squandering their fortunes in electioneering had left a surprisingly large number of landed Catholic families still prosperous despite a century of recusancy fines, defections to Anglicanism and forfeitures for treason, real or alleged.

Full Catholic emancipation came in 1829, although the first Relief Act of 1778 had made exercising the functions of a Catholic priest or running a Catholic school no longer an offence punishable with life imprisonment.

The next boost to the Catholic cause

**THE CATHOLIC FAMILIES**
**by Mark Bence-Jones**
*Constable £19.95, 341 pages*

came with the Oxford Movement in the mid-19th century when a rash of defections from Anglican high society had the aristocratic classes gossiping frantically about who was rumoured to be wavering and who was next to fall. Curiously, only Disraeli, among the novelists of the day, seems to have captured the mood of a nation so ill at ease with itself religiously.

Bence-Jones evokes brilliantly the dawn abductions and last-minute conversions which featured in this twilight battle for hearts and souls, so similar in atmosphere (as Graham Greene realised) to the morally ambiguous world of the modern spy thriller.

Like the true story-teller, Bence-Jones knows when to purple his prose. His popes have a habit of saying things like "*Sta tranquilla, figlia mia*"; his Catholic youths tend to be slim and elegant, with large and melancholy eyes. His women seem to fall into three categories: "pretty and lively", "ugly but cheerful" or "selfish and mean."

If the elegant youths do not develop into devilishly handsome men (Teddy Howard, for example, a cardinal and cousin of the Duke of Norfolk, was "the best-looking ecclesiastic in Rome"), they become eccentrics like "Silly Willy" (William, 10th Lord Clifford of Chudleigh), "Dirty Bertie" (Cuthbert Riddell of Swinburne), or Charles Waterton who, despite such habits as scratching the back of his head with the big toe of his right foot and pretending to be a dog under the hall table, was furious at being referred to in the Ornithological Dictionary as "the eccentric Waterton."

Combining old-fashioned genealogical history with a marvellous eye for detail, Bence-Jones covers scandals and trials, from Mrs Fitzherbert's dangerous liaison with the Prince of Wales to the dowager Lady Tichborne's search for her elder son, Roger, whom she was determined to believe had not been lost at sea off the coast of Australia and would one day return.

In response to her advertisements in the Australian press, she received a letter from a butcher in Wagga Wagga claiming to be Sir Roger Tichborne, her long-lost son; he had, he said, survived shipwreck and had lived under an assumed name ever since.

Like the hero of Depardieu's film, *The Return of Martin Guerre*, the Claimant, as he was known henceforth, managed to fool most of the people almost all the time despite inaccuracies such as his education at "Winchester College, Yorkshire" (to which the dowager replied: "I think my poor dear Roger confuses everything in his head").

The Claimant's family knowledge and resemblance probably owed more to his being a distant illegitimate relation. Despite a wave of public sympathy surrounding his trial in 1873, he was sentenced to 14 years' imprisonment.

Turning to this century, with the book's examples of selfless public and, notably, military service, the surface picture is of the Catholic families increasingly merging with the British establishment. The perspective, however, is always double: between London and Rome, dominions temporal and spiritual.

All in all, it is a fascinating history and one which today's whiggishly agnostic historians have neglected too readily.

***Mark Archer***

# Madonna or whore, spy or victim?

IN THE spring of 1917 war-weariness was provoking mutinies among French troops and strikes among Parisian workers. Official propaganda blamed the crisis of morale on subversion by enemy agents. At that moment Mata Hari, the celebrated dancer-courtesan, returned to Paris from Madrid. She was arrested and charged with espionage. On the morning of October 15 1917 she was taken from the condemned cell in the Château Vincennes; in the courtyard she requested that her eyes be left unblindfolded and her hands untied. As the 12 soldiers of the Zouave Regiment raised their rifles, she blew them a kiss.

In that instant a legend was born. Mata Hari became the archetype of the seductress-spy whose erotic treachery can betray whole nations. Her memory was execrated, and she herself feared; rumour whispered that she had escaped the firing-squad and was still at work. Years later sightings of her were reported, on trains or abroad.

Was Mata Hari spy or victim? In this absorbing book Julie Wheelwright proposes an

**THE FATAL LOVER: MATA HARI AND THE MYTH OF WOMEN IN ESPIONAGE**
**by Julia Wheelwright**
*Collins & Brown £16.99, 186 pages*

answer. In one sense her conclusion is predictable: Mata Hari was a victim, and moreover a victim of predictable kinds of male fears and attitudes. When women are either Madonnas or whores – when they are either symbols of patriotism, like Edith Cavell, or seductive betrayers – there is little mercy for any who break the conventions, as Mata Hari did, and use their sexuality to gain independence.

Mata Hari – Eye of the Dawn in Javanese – made her name as an erotic dancer. In her most celebrated act she was a Javanese maid who, whipped by priests for disobedience, escapes from an Indian temple and throws herself naked before a Hindu idol. In the early years of the century such headiness was much in vogue. It was the age of the Salome craze, Oriental mysteries, the Grecian frieze style of movement, nudity and sex tricked out as art. In an age still avowing although not practising the proprieties, such stuff was dynamite.

It was after a failed marriage to a Dutch officer called Rudolph Macleod that Amsterdam-born Margarethe Zelle went to Paris and became Mata Hari. Macleod had taken her to the East Indies, and one of their two children died there. The marriage lasted nine years, during which Margarethe suffered at the hands of her much older husband. Later she claimed that he had been violent, even to the extent of biting off both her nipples.

Her career was not smooth. In spite of a succession of lovers and occasional triumphs on stage she was often in need of money. By 1914 her career both as dancer and courtesan was approaching its natural term, and debts were mounting. Perhaps this explains much about the events which followed.

In Wheelwright's view, Mata Hari did not spy for Germany. She came under suspicion because had a predilection for older, influential men, especially Army officers. Before the war she had an affair with a German officer, and in the summer of 1914 she did so again while living in Berlin, hoping for work there. She also had affairs with senior French officers, and a Russian one. Accordingly, Georges Ladoux, the French intelligence chief, suspected her of spying, and resolved to make her a double-agent. Between them they concocted a bizarre scheme to seduce the Kaiser's son.

Perhaps the French authorities really believed Mata Hari was a German spy. Or perhaps they knew she was merely a fantasist and self-publicist, but elected to use her as a public sacrifice to the hysteria gripping war-ravaged France. She was the perfect target: independent, sexual, threatening, easily characterised as a whore despite her artistic pretensions – a woman both accusable and disposable.

Such is Wheelwright's view, and she makes a good case. But it remains possible that Mata Hari's story is more complicated. The evidence in Wheelwright's book fascinatingly prompts as many questions as it answers. For in its pages we also meet, by chance, Marthe Richard, another Ladoux recruit and exponent of "erotic espionage". In comparing her own fate with Mata Hari's, Richard said, "I got the Legion of Honour and [she] got the firing squad". Could this be another case of war's ironic fortunes?

***A.C. Grayling***

Fiction

# Keneally returns to his Booker format

THOMAS Keneally is known best for his 1982 novel *Schindler's Ark*, which won the Booker Prize that year and sold more copies than any other Booker winner before or since. It was a heady mix of fact and fiction – so much fact that some people claimed it was not a novel at all – based more or less directly on a real story from Hitler's war. For his latest work, *Woman of the Inner Sea*, Keneally is trying the same thing again, albeit in a vastly different setting.

Names, dates and venues have been changed but the author says the story is essentially true, told to him a dozen years ago and filed for future reference. It tells of Kate, a prosperous Irish-Australian whose marriage to an immigrant construction boss turns sour at the same time as something terrible (it would be unfair to say what) happens to their two children.

Unable to cope, Kate abandons her husband and sets off for the Australian bush. She works as a barmaid in the middle of nowhere and takes up with several different men, one of whom keeps an emu and a kangaroo (Australia's national symbols) as pets. But her husband hires a private investigator to track her down and serve her with divorce papers. The investigator is a thoroughly unpleasant character who punches the kangaroo so hard on the nose that its hind feet rear up and shatter his pelvis. And that is only for starters.

Throw in floods, dynamite, attempted murder, an Oscar-winning film director and a defrocked priest serving five years for illicit gambling and you have the makings of a very whimsical tale indeed. In fact, parts of it would appear to belong in a different book, or even several different books.

Yet, if the story never quite coalesces as a whole, the main character is done beautifully and the plot unfolds with real skill. The problem, perhaps, is that the author has set out to tell a partially true story and truth, in the end, often turns out stranger than fiction.

**WOMAN OF THE INNER SEA**
**by Thomas Keneally**
*Hodder & Stoughton £14.99, 284 pages*

**SAMARKAND**
**by Amin Maalouf**
*Quartet Books £15.95, 309 pages*

**THE STRANGE CASE OF MADEMOISELLE P.**
**by Brian O'Doherty**
*Chatto & Windus £9.99, 228 pages*

**MATING**
**by Norman Rush**
*Jonathan Cape £15.99, 477 pages*

Amin Maalouf's *Samarkand* is based on a true story as well, the writing of the Rubaiyaat of Omar Khayyam in 11th century Persia, now Iran. It begins with Omar's arrival in Samarkand as a little-known poet and ends 900 years later with the loss of the original Rubaiyaat MS in the *Titanic* disaster. The first half of the book is taken up with the writing of the poems, the second with a 19th century American scholar's hunt for the manuscript, missing for 600 years.

It is an intriguing story presented deftly by Maalouf, although the English translation by Russell Harris is a little stiff. You might feel that 11th century Persia is not your cup of tea. But think again because, in Maalouf's hands, it is a brightly-lit world of sieges, sackings, voluptuous court poetesses and homicidal assassins (in the original sense of the word). The narrative rambles in places and the author does not always make the best use of a dramatic situation but he has a splendid tale to tell – one which already has won a prize in France and deserves to succeed in the UK as well.

It is a good week for fiction based on fact. Brian O'Doherty is a doctor of medicine and, for his first novel, has recreated a famous medical history from 18th century Vienna. *The Strange Case of Mademoiselle P.* tells the story, in several different voices, of Marie-Therese von Paradies, the pianist for whom both Mozart and Salieri wrote concertos.

Blind from the age of three, Marie-Therese had given up hope of seeing again until her father took her to the pioneer of psychosomatic medicine, Franz Mesmer. Thus "mesmerised," she regained her sight gradually only to see her playing suffer as a consequence. This endangered her livelihood, prompting her father to look askance at Mesmer's cure. What happens thereafter will be for readers to find out: suffice to say that it is a most interesting story, reconstructed ably by O'Doherty.

Norman Rush has been a published short story writer for more than 20 years, but *Mating* is his first attempt at anything longer. It is set in Botswana in the 1980s, where the author worked for a while, and follows the career of an American woman writing a thesis on nutritional anthropology while looking for the perfect man to sleep with.

The book is billed as a comedy of manners, and the tone is certainly jokey enough. But the author's use of English is clumsy, to say the least, and his command of dialogue almost non-existent. Some writers are long-distance performers and some are not; one suspects that Rush's natural length is the short story, rather than almost 500 pages of often tortuous prose.

***Nicholas Best***

Prescott House, near Cheltenham, Gloucestershire: approached along a private race track

# House with vintage memories

***Michael Hanson** on some country properties that have evocative motoring associations*

THIS weekend, the Vintage Sports Car Club is holding its annual meeting at Prescott, the hill-climb course near Cheltenham, Gloucestershire. The event attracts about 10,000 spectators and the fanatical owners of some of the world's most evocative motoring hardware.

The Prescott course has belonged to the Bugatti Owners' Club for 55 years, having been saved from housing development by two brothers, Godfrey and Eric Giles, who bought the 65-acre Prescott estate in 1937 and leased the hill to the club at a peppercorn. The first meeting was held on May 15 1938.

The kilometre of winding track that echoes to the roar of engines at full throttle and the smell of high-octane fuel also is the private drive to the 18th-century Prescott House, which is for sale at £650,000 through the Cheltenham office of Humberts (0242-513-439).

Prescott House was the first clubhouse of the Bugatti Owners' Club. It was rented for many years to the BBC's motoring correspondent, B.H. Hartley, until the club sold it in 1957 to Colonel Ian Cator.

After his death, his son sold it in 1985 to Ronnie Bock, a specialist restorer of T'ang dynasty objects using unusual dentistry techniques.

"I love old cars but I am certainly not a Bugatti owner. I have never liked them," says Bock, firmly. "I have just sold a TR3A at an enormous loss but I have acquired a 1923 Star, which I shall use for everyday motoring."

He has restored and modernised Prescott House to make it a very comfortable eight-bedroom residence with garaging for four cars and more than four acres of gardens and grounds. "It must be one of the only houses in England to be approached along a private race track," he says.

Another is next door: the converted stables occupied by David Sewell, curator of the Bugatti Trust Museum, who must hope Prescott House is bought by one of the BOC's 1,600 members.

Nestling in a valley in Gloucestershire is another house with motoring associations. Atcombe Court at South Woodchester, near Stroud, is owned by Victor Gauntlett, former chairman and part-owner of Aston Martin Lagonda. Offers of £750,000 are being sought by the Tetbury office of Humberts (0666-502-284).

This beautiful Grade II-listed Georgian building stands in more than 12 acres of gardens and grounds – including paddocks, woods and lakes – and is surrounded by farmland. Its impressive outbuildings are in immaculate condition.

The main house has seven bedrooms but there is a staff or guest wing with another three bedrooms. The former coach house and stable block have been converted into garages for at least six cars – mainly workhorses like Range Rovers and Land Rovers, his more valuable motors being kept in high-security garages elsewhere.

Gauntlett bought a stake in Aston Martin Lagonda in May 1980 and became chairman the following year, a post he occupied until he left last September (although he and Peter Livanos had sold the company to Ford in 1987).

Having founded Pace Petroleum in 1972, which he built up to 500 filling stations by the time he sold out to the Kuwaitis in 1983, he and Livanos now are developing a new company, Proteus Petroleum, which already has 140 sites.

Although he owns some very collectable Aston Martins (including the limited-edition Vantage), Gauntlett's favourite car is a 1929 two-seater, boat-tailed, 4.5-litre "Blower" Bentley which still can do 120 mph.

"I'm really a Bentley man, first and foremost," he admits. "After all, W.O. Bentley designed the Lagonda engine that powered Aston Martins in the 1950s. I have been quite mad about Bentleys over the years. The three-litres are lovely to look at, but I'm a heavy metal man."

So, too, is Keith Schellenberg, who owns a mouth-watering collection of Bentleys. Since 1974, he has lived on the Hebridean island of Eigg, which covers 7,400 acres, but a messy divorce led to a judge ordering the island to be sold.

Knight Frank & Rutley has just announced that Eigg has been bought for around £1m – by Keith Schellenberg.

# Fifth Avenue from the waist up

*A 1920s building with the latest technology*

FORTY-five apartments in a 1920s building with late-20th century technology are now coming on to the market at 1049 Fifth Avenue, in New York's Manhattan. The £42m venture involves international investment bank Investcorp, which has a base in London, and New York entrepreneur Jack Keller.

The 23-storey building originally was a hotel. Most of the interior has been ripped out and re-designed to make apartments with three and four bedrooms. This fills a gap in the market for larger properties, says Investcorp's John Thompson in London.

Unusually for the area, where most of the the apartments are co-operatives governed by management committees with rights to approve or veto buyers, the new development will be sold as condominiums. Prices of the units – each of which will have 12 telephone lines – range from £750,000 to £3m.

While Fifth Avenue is one of New York's most sought-after locations, potential buyers should know that No. 1049 is not actually in Fifth Avenue at all. It is about 50 feet along East 86th Street, which runs off the avenue at right angles.

No. 1049 is separated from Fifth Avenue by the Yivo Institute, a low corner building. Keller tried to buy this to combine it with his re-development next door but nothing came of his approach.

The institute's address was 1047/1049 Fifth Avenue, so an arrangement was made – sanctioned by the local authority – for the new building to take over part of that address. Thus, the former 86th Street hotel is now 1049 Fifth Avenue.

After all, say the vendors, all its floors above the seventh look over the institute building on to Central Park – just like real Fifth Avenue buildings. The irony of the manoeuvre is that the institute building is now for sale.

A London estate agency is to be appointed to handle marketing of the apartments. Meanwhile, information can be gained from Investcorp in London (071-629-6600) or New York (212-650-0066).

***Audrey Powell***

# Retirement village on the Algarve

WHILE much of the property offered in leisure resorts on sunny coasts is said to be suitable for holiday homes or the retired, usually there is little designed for all-year use by older people. Apartments will have minimal heating for winter months, the floors are likely to be chilly tiles, and facilities in many developments will close down out of season.

Portugal's Algarve once attracted a large number of older Britons, until tourists took over. There are few retirement developments there now. But Mary Cornelius-Reid and her husband have acquired a 22-acre site a few miles from the market town of Loule and are building a village of 30 retirement properties.

These will be a cross between cottages and apartments, built in short rows around a square and echoing the local cottage style. Although the site looks out over miles of open countryside, it is only a short drive to the beaches or Faro airport.

Work is to start soon on the cottages, which will have one and two bedrooms with a kitchen and dining area, living room with terrace and barbecue, and an internal patio and courtyard. There are gardens and a swimming pool.

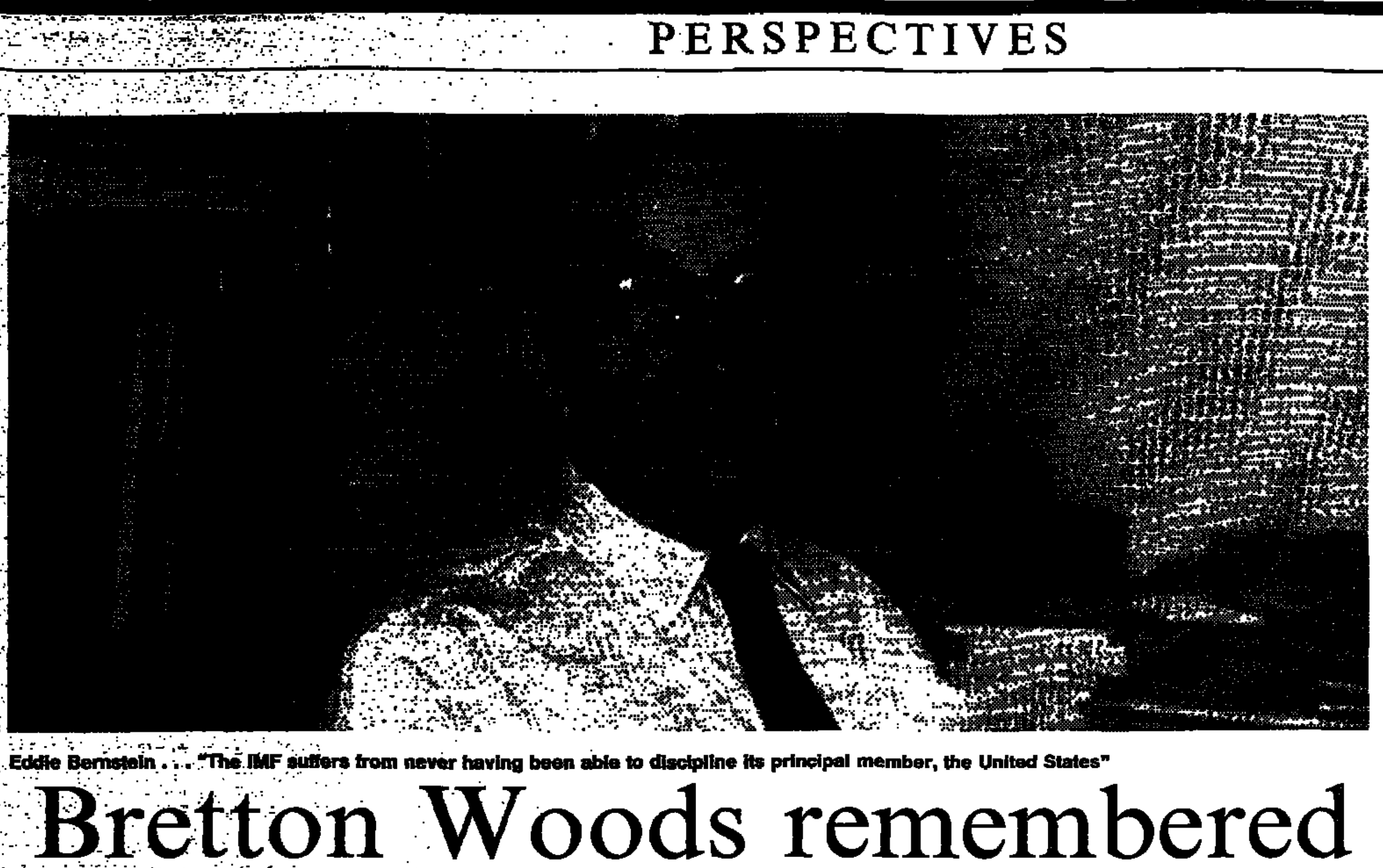
The cottages are in the grounds of a nursing home, which has been converted from a farmhouse and guest house. But they are not intended for people in need of medical treatment; the planners simply felt that some of the nursing home's amenities – such as the shop, hairdressing salon and restaurant – would be useful to cottage residents as well. In addition, some might be happier knowing the home's back-up services were there if needed.

The cottages will be available on an interest-free loan system. A payment of between £85,000-£125,000 is made, returnable after the property is vacated. There is a charge of £140 a week for a single person and £170 for a couple. This covers cleaning, laundry, air-conditioning or central heating, domestic help, external maintenance, a 24-hour call facility and lunch in the restaurant. For further information, telephone 0980-622-957 (UK).

***Audrey Powell***

## COUNTRY PROPERTY

## PERSPECTIVES



Eddie Bernstein . . . "The IMF suffers from never having been able to discipline its principal member, the United States"

# Bretton Woods remembered — by its last remaining star

EDDIE Bernstein is squinting at the numbers on his desk-top calculator. "Thirteen point six per cent," he calls out. "That's what the Russians were offered at Bretton Woods. The British got 14.8 per cent of the votes in the IMF and the Americans 31.4 per cent."

Sliding the old book back on the shelf and settling back into his chair at Washington's Brookings Institution, the 87-year-old Bernstein reflects on the combined less-than-five per cent share of the votes the 15 former Soviet republics accepted in April on becoming full members of the International Monetary Fund. "Don't forget, Britain and France under the ninth quota review will each have only five per cent of the shares. So I'd say Russia – given its small share of trade and absence of reserves – has received very generous treatment."

A pause: "They've gotten just about as much as we offered them at Bretton Woods."

It has been 48 years since the monetary conference at the mountain resort in northern New Hampshire, and Bernstein is the last of those taking part to remain alive and working. The wartime conference, attended by 44 nations, established the IMF and World Bank. The UK Treasury's John Maynard Keynes and US Treasury's Harry Dexter White were the visionaries behind the fund and the bank. But Bernstein – assistant to White and secretary of the U.S. delegation – played a pivotal role. With rare immodesty, he observes: "I, not Keynes, was the star at Bretton Woods."

White and Bernstein were the chief American contacts with Keynes in the difficult 1943 and 1944 bilateral negotiations that culminated in Bretton Woods. But White – alienated from his colleagues and often ill-tempered – was no match for the worldly, erudite Englishman. In the US delegation at Bretton Woods, it was understood that only Bernstein could hold his own against Keynes. Grudgingly, Keynes called Bernstein the hero of Bretton Woods, "The person who made everything clear." Keynes' diary from a year earlier was less generous, though. There, the New Yorker – who insisted that key elements of Keynes' draft be modified – was a "ghetto rat." But Bernstein calls Keynes the greatest intellect of the 20th century after Einstein.

Bernstein – who took a PhD at Harvard, wrote a highly-regarded text on money and worked as a university professor before going to the Treasury in 1940 – went on to be the first research director at the IMF, a post he held until 1958. After that, he set up his own consulting firm and made a lot of money.

Finally, in semi-retirement, he went to Brookings where, as a research fellow, he continues to issue papers on such matters as US interest rates, the dollar, the Japanese surplus, and the budgetary impact of German unification.

Bernstein believes the IMF has never lived up to the lofty ambitions of Keynes and White. "It suffers," he says, "from having never been able to discipline its principal member, the United States." Even now, Washington retains veto power with 19 per cent of the votes.

Bernstein feels the IMF was handicapped at the start because it was overshadowed by the Marshall Plan, and that it lost influence steadily after exchange rates began to float in 1970. Until the collapse of communismm, he notes, the fund had been relegated to dealing mostly with developing countries instead of the big players in the global economy. Now, with Russia finally a member, perhaps that will change. "This is a very big thing for the fund. They have been given a very big responsibility in guiding Russia into the world economy."

What about transforming post-communist states into market-based economies, prescriptions for which are being handed out by the fund and such academics as Harvard's Jeffrey Sachs? Bernstein is in general accord with the new orthodoxy but has serious doubts about convertibility. "Don't forget that, after the war, the west Europeans waited 10 years to make their currencies convertible." He believes premature convertibility is, almost certainly, a mistake. "The first priority has to be creating a capitalist economy at home, industry by industry. Prices have to be based on costs and brought to world levels. The exchange rate should be set low enough to promote exports, but not too low."

In retrospect, he argues, the Russians could have avoided hyper-inflation by isolating the huge rouble balances the population built up involuntarily during 70 years of communist austerity. The suppressed consumer demand represented by those savings should have been absorbed by allowing citizens to buy their apartments and farms from the state. But that is all past tense. The task now, he stresses, is stopping inflation, stabilising the economy, reviving – and then boosting – exports.

There is a lot of the professor left in Eddie Bernstein. He says he would give Sachs an "F" for his assertion in a Brookings lecture that high US interest rates explain the dollar's relentless rise between 1980-85. Rather, says Bernstein, speculation drove the dollar higher; and while high interest rates might have initiated its rise, it was the enormous demand for US assets, and the expectation of further dollar advances, that fuelled the currency's upward move.

Reflecting on how the world has changed in 50 years, Bernstein says it is ironic that so many of the pre-war economic ambitions of Germany's Adolf Hitler and Japan's Hideki Tojo have been realised. "They've accomplished their goals economically and, in some cases, surpassed them." Viewing Tokyo's huge payments' surplus, he notes that surplus countries call the shots eventually, just as the US did through the 1950s, '60s and '70s.

Bernstein is, however, no apostle of American decline. Dashing to a stack of reports, he retrieves statistics showing that US labour productivity exceeds that of Germany and that US manufacturing competitiveness has improved vastly since the mid-'80s. Referring to GDP figures, he points out that the growth in the US economy in the 1980s was, by itself, a number bigger than the entire West German economy.

Have events in eastern Europe and the former Soviet Union put an end to Marxism? "Yes, without doubt," says Bernstein. "But Marx's labour theory of value was always nonsense. Interestingly, Marx was a great believer in gold, just as Keynes loathed it. And, by the way, Keynes' thinking at Bretton Woods was shaped by the belief that a depression would inevitably result from the end of hostilities in the Second World War."

What are the lessons of the transformation process, now 2½ years old in eastern Europe? "The recent back-tracking of Poland proves that, in a democratic system, you have to back off when the social costs become too great," Bernstein says. "What you've got in all these countries – including the former Soviet Union – is huge repressed demand that requires prices being brought into line with costs.

"Wages have to be related to productivity and exchange rates must be set low enough to promote exports while surging imports must not be permitted to destroy domestic industries. And there has to be rapid privatisation."

*Barry Wood*

## As They Say in Europe

# French replay a war crime

READING newspapers on holiday is the kind of activity for which there used not to be a word. Today, we have re-invented "disjunctive." At least, I think that is the word because it implies a lack of coherence between what one is doing and the circumstances in which it is being done.

For the past two years, many have been alarmed on exotic beaches by reports of distant crises, first in Kuwait then in Moscow. This time, we hoped to avoid these guns of August by going to the Dordogne in July. But instead of the echoes of present crises, the papers were full of the tragedy of half a century before.

Most years at this time, there is mention of events in July 1942 when the French police rounded up thousands of naturalised French Jews and their children and sent them to the death camps. Generically, the episode is known as the *Vel' d'Hiv'*, this being the abbreviation of the Paris winter cycling stadium where the victims were held before transportation.

The 50th anniversary occasioned more heart-searching than ever. On July 16, *Libération* headlined its front page: "France faces up to its crimes." *Figaro*, meanwhile, interviewed the nazi-Hunter, Serge Klarsfeld, who said France could not be blamed. More Jews had survived there than in other occupied countries.

The debate dominated even the provincial press: *Sud-Ouest* ran related stories for several days, headlining the "lively polemic" the anniversary had generated, along with President Mitterand's presence at a commemorative ceremony in Paris.

One question at issue was the nature of the Vichy government, the collaborationist regime that was presented by Marshal Petain as the true successor of the "Vraie France." Vichy also was implicated in the atrocities of the *Vel' d'Hiv'*. But were they the result of defeat and "the criminal madness of the occupying power," as the mayor of Paris, Jacques Chirac, put it? Or was it all, in a sense, a French responsibility?

This debate impinged on our holiday in a graphic manner. We were staying a mile north of the River Dronne; the nearest town was Riberac, on the southern bank. The Dronne was the frontier between occupied and Vichy France, and the old Gestapo headquarters is one of the last buidings before crossing into Riberac. A little to the West is the glade containing the graves of the *resistants* shot by the Nazis.

What the newspapers were agonising over was whether that was a national frontier – whether France existed south of the Dronne. It was this debate that was more intense than on the other anniversaries of the events of 1942.

This is partly because one or two of the most notable figures involved are still at large, having sometimes been protected by the Roman Catholic Church – as the Church's own *astounded report showed earlier* this year.

Opinion in France has, if anything, hardened against the perpetrators in the face of judicial complacency: almost three-quarters of the people want them punished. The other quarter, one assumes, are don't-knows or supporters of Jean-Marie Le Pen and the National Front.

The strength of the Front today has itself contributed to the debate over the French past. The party stands for that constant strand in French politics which, to say the least, is ambiguous about the Revolution.

It flaunts its sentimental religiosity, built around the cult of Joan of Arc, and is a successor to the xenophobia of "Action française" and the racism of the 19th century. Its ambiguous relationship with Vichy and Marshal Petain is, therefore, a living embodiment of the debate.

A little over a year ago, the *Frankfurter Allgemeine Zeitung* ran a cartoon showing history drawing a line under a page marked "Post-war period." That optimistic assessment has turned out to be inaccurate.

The post-war period was frozen out by the Cold War and – as events all over Europe now show – has, in fact, only just begun.

*James Morgan*

*James Morgan is economics correspondent of the BBC World Service.*

FOOD AND DRINK

# Double act that buyers cannot afford to miss

***Jancis Robinson** looks at the real wine bargains that are available this summer*

GREAT VINTAGES can be assessed only with the benefit of some sort of historical perspective. But since so many of the best wines have traditionally been available *only in infancy, clever wine buyers* have had to take a foreshortened view of potential greatness.

We should all be gazing in wonder at the magnificence of Europe's 1989 and 1990 vintages and working out just how many cases of this *surely unrepeatable double-act* we can afford. And to think how good we thought 1988 was before they came along...

This is particularly true for the great sweet whites – of Bordeaux, Alsace, the Loire and Germany, and *indeed of Germany's exciting drier* wines too.

The exceptional ripeness of 1989 and 1990 gave them unparalleled exuberance, particularly from the stars of the Rheinpfalz such as Lingenfelder and Müller-Catoir whose *wines are marvels of* heady concentration whether they be dry (Trocken) medium dry (Halbtrocken) or unreined; both producers' wines are sold by Oddbins whose greatest bargain has been Müller-Catoir's 1990 (and last) vintage of Müller-Thurgau (£4.99) which makes one revise all previous assumptions about this workaday grape variety. But even the wines at the very top of Müller-Catoir's glorious range, which should continue to develop well into the next century, *cost less than £10.*

Which is more than can be said for the equally successful famous French reds of 1989 and 1990, the smartest burgundies and (less rare) classed-growth bordeaux. There are bargains in other regions however, *and these vintages were just as suc*cessful in the Loire, the Rhône and the Midi. So difficult is it to go wrong with 1990 made in and around Hermitage that even Sainsbury's lowly Crozes-Hermitage (£3.99) from the area's co-operative *is rich, plump and deserves to be* decanted off its low-rent label.

In the Loire, these two great vintages arrived just as a decent proportion of producers had got to grips with making serious sweet whites without recourse to over*doses of sugar and sulphur*, and had mastered the vigour of their vines to coax maximum ripeness from their reds.

We can, therefore, choose not only from some Vouvrays which can truly be called fabulous – for Huet, *try* Bibendum of London NW1 and The Wine Society of Stevenage, Herts – but also from reds with more lush fruit than I have ever tasted from the *Loire*.

Britain's greatest range of Loire wines of all hues is on the list of the restaurant RSJ and its wholesale wine company around the corner, an enclave of Loiremania in London SE1 (071-633-0489) – but you do have to buy by the *dozen*.

Charruau's stunning Saumur-Champigny, Les Folies 1989 is £82 a case and it is a miracle that the French allowed even a bottle of this wine for today, tomorrow and the next century, to escape across the Channel. The assumption that fine wine has to be bought in infancy is being called into question however by some of the bargains being offered around the trade at the moment.

One of the more talked-about has *fetched up on* Oddbins' shelves resulting in such delicious vintage ports as Dow 1985, selling there for £11.49 a bottle. This is rather less than it would have cost by the dozen in 1987 and less than half the notional market price – although quite what *constitutes the* port market at the moment is anyone's guess.

# Morocco bound to have the freshest fish

IT USED TO be said that you should never order fish in a restaurant on Mondays because it would not be fresh. This is not quite the case now. New *markets – early each Monday* at Brixham, Devon, and Newlyn, Cornwall, for example – and improved refrigeration techniques, particularly vacuum packing, have helped to preserve the quality of Saturday's catch. But traditional fishing ports *have been reluctant to change* their routines and, like most people, fishermen prefer weekends at home.

Suddenly, however, top-quality fresh fish is arriving in London in time for delivery on Monday mornings from an unexpected source: Morocco. *Because they are Moslems*, fishermen there rest on Friday – their holy day – and go out at weekends. And they have plenty of sea to work in: Morocco has 400 kilometres of Mediterranean coast and, more significantly, 2,600 kilometres facing the less-polluted Atlantic.

Traditionally, Moroccans have used simple 20 ft rowing boats to fish for anchovies and sardines, but both are being exhausted. So the fishermen have moved up market to John Dory, red mullet, red bream of sufficiently high quality to be eaten raw in London's Japanese sashimi bars, spotted bass, large weever with their poisonous spines, and rascasse (scorpion fish), *the* fish for bouillabaisse.

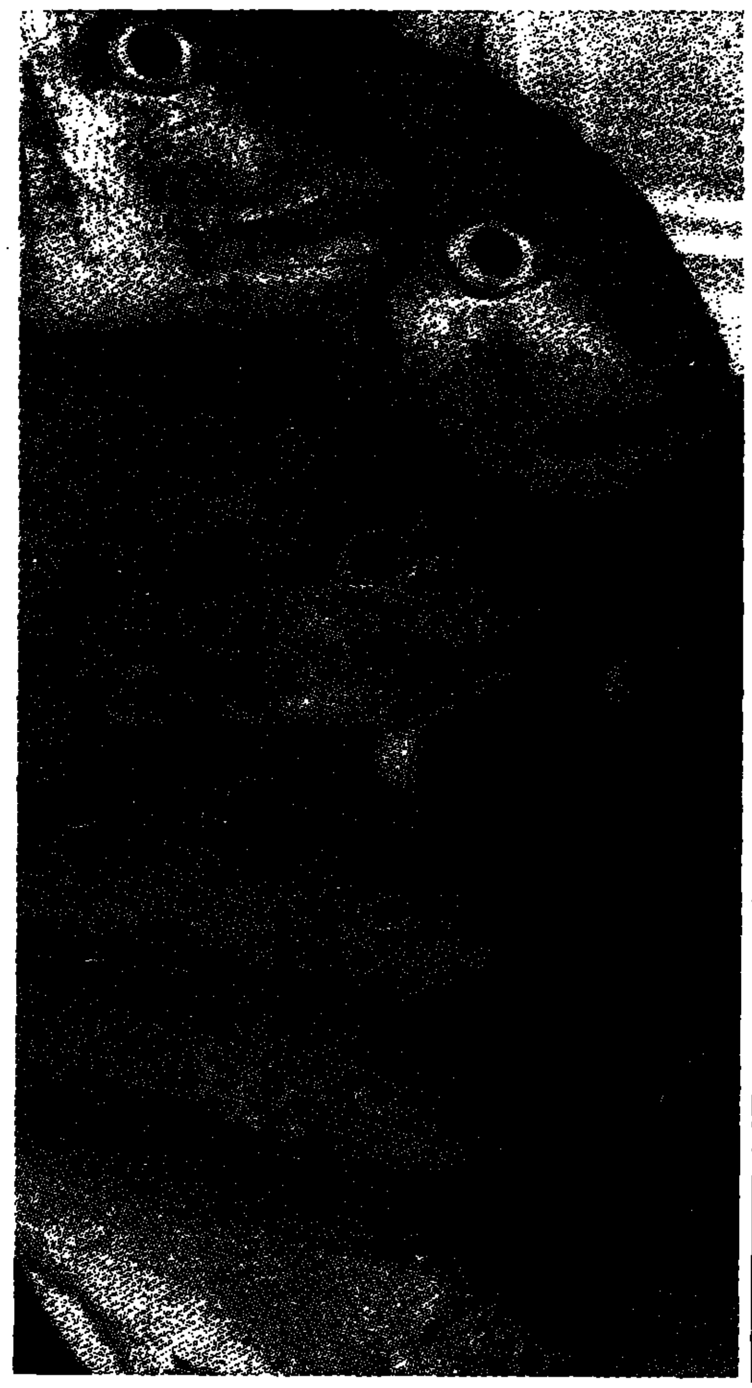
What guarantees quality is the fact that, although they are landed at ports modernised by the Moroc*can government, the technology for* catching these fish has *not* improved. Because there has been very little investment in the boats, most of the fish are caught by line rather than trawled; consequently, they are not damaged in the nets. And because the boats are so small, *they work by day in the rich* inshore fishing grounds and land their catch the same night. This ensures that fish do not spend two or three days losing freshness in a ship's hold.

The best fishing ports are along the *Atlantic coast: El Jadida, Safi,* Essaouira, Agadir and Tan-Tan. Catches are delivered immediately to Casablanca, where the fish trade has been controlled for centuries by several family firms. The fish is then packed under ice in polysty*rene boxes to be flown abroad.*

Moroccan fish can now be found on many of the most fashionable dining tables in London including Le Gavroche, Tante Claire, Clarke's, Kensington Place, The Ivy and Le Caprice. The importer, Cutty Catering, of *London SE15*, is confident that Morocco will become an important supplier because the absence of a large fish market means prices do not fluctuate as much as they do in Europe.

At the same time, cheaper air freight is making other unheralded sources more accessible. Iceland, once regarded merely as a supplier of cod for fish and chip shops, could soon be supplying large quantities of top-quality monkfish, halibut and haddock. The same goes for its smaller neighbour, the Faroe Islands. Both have the benefit of deep, cold and relatively unpolluted waters.

***Nicholas Lander***



Cookery

# A fine kettle of turbot

***Philippa Davenport** with a dinner party treat*

ON JULY 14 the Earl of Bradford announced plans to storm the culinary bastions of Paris: in October ten master chefs of Great Britain will descend on the George V hotel to cook for French food writers, chefs and gourmets.

The idea is to show the French *that there is more to British foods* than smoked salmon, oysters, roast beef and steamed treacle pudding.

The menu they have chosen comprises clear oxtail soup with parsley dumplings; a platter of fish including potted crab, soused mackerel, *jellied eel and marinated haddock;* pot roast partridge with caraway flavoured cabbage; blackberry and apple crumble with mead ice-cream; and British farmhouse cheeses. May a good time be had by all.

Meanwhile, as October is a long way off, *I have had fun* working out a summer menu of good British foods that eschew the stereotype choices of asparagus, salmon, lamb and strawberries.

This meal might begin with a selection of cold cured meats, Welsh *salt duck, Macon (mutton ham),* Lincolnshire chine and York or Bradenham ham, among them.

For the main course there would be turbot, arguably Britain's finest fish and an old fashioned favourite but all too rarely served these days. The fish would be cooked whole and served in the time-honoured British way, not with a butter-rich sauce, but with one that is delicately creamy, lightly thickened with flour and laced with shrimps. Braised cucumber and garden peas would make choice accompaniments.

Finally, for pudding, I suggest a puff pastry gooseberry pie, the fruit *sweetened with splash of elder*flower syrup, served with crinkle-skinned clotted cream.

**TURBOT WITH SHRIMP SAUCE**
*serves 6*

*Whole turbot, which can weigh* 20 lb or more and was once the great dish of grand dinners, is not something you will find on many fishmongers' slabs these days. Yet a small turbot, or chicken turbot as it is charmingly called, remains a fine choice for a special occasion and is well worth ordering for a small dinner party.

The traditional way to cook turbot is to poach it in a diamond shaped kettle. More junk shops than kitchen shops stock turbot kettles *now but they can still be picked up* cheaply at country house sales: useful for cooking hams as well as fish.

In the absence of a suitable kettle, bake turbot, wrapping it in buttered foil with sea salt, pepper, bay leaves and slices of lemon. Lay the baggy parcel on a large baking tray and cook for about 45 minutes at 350°F-375°F (180°C-190°C) gas mark 4-5.

**1 chicken turbot weighing 3½-4 lb; 1-2 pt milk; 2 bay leaves; 2 lemons; a bunch of parsley. For the sauce: ½ lb cooked prawns in the shell; 4 oz potted shrimps; ½ oz each butter and flour; ½-¾ pt creamy milk; ¼ pt cream; 1 slice of onion, 1 bay leaf and half a dozen lightly bruised black peppercorns tied in a piece of buttermuslin.**

Make the sauce first as *it* can be prepared ahead and reheated in a double-boiler when needed. Shell the prawns, reserving the flesh to garnish the turbot. Put the shells into a saucepan with the buttermuslin bag of *flavourings and* ½ pt milk. Bring to simmering point, cover and cook over the lowest possible heat for 10 minutes.

Remove the buttermuslin bag and whizz the remaining contents of the pan in a food processor for 10 seconds only. Strain the pink shellfish-flavoured liquid through a fine sieve, pressing to extract every flavoursome drop. Measure and top up with extra milk to bring the level back to half a pint or just over.

Make *a* roux with the butter and flour (using the spiced butter that seals the potted shrimps, if liked) and cook for a couple of minutes. *Blend in the milk away from the* heat, then let the sauce simmer very gently for 5 minutes or so stirring occasionally.

Season to taste with salt, pepper, maybe a little lemon juice, and thin with the cream. Stir in the potted *shrimps and heat through gently.*

Make an incision down the length of the turbot's backbone on the dark skinned side to prevent curling during cooking. Lay the fish in the kettle, dark side down. Add slices of lemon, a couple of bay leaves, a few peppercorns and a mixture of milk and water to cover. Bring to a bare simmer and cook very gently indeed for 12-15 minutes or so until the flesh is no longer transparent and comes clean from the bone.

Drain the fish well, saving the milky liquor for soups. Lay it on a handsome dish, garnish with the peeled prawns, *little bouquets of* parsley and wedges of lemon. Hand round the sauce separately.

GARDENING

# Such good English gardens in exile

***Robin Lane Fox** welcomes a new book which may prevent homesickness on the family holiday abroad*

THE MARIGOLDS are glowing in Italy; fibrous-rooted begonias are dotted like *cats' eyes round France; Love* lies bleeding on a thousand roundabouts within sight of the Mediterranean.

*Faced with all this foreign* bedding, English gardeners on family holidays are preparing for a fortnight of exile. If they knew where to go, would it be better? Are there places abroad with the style which echoes their high ideals for the garden at home?

Most of these echoes have been left by fellow English gardeners, busy abroad. The hunt for them is very much easier this year because of a *notable new book by Charles* Quest Ritson called *The English Garden Abroad*, published at £20 by Viking.

From La Mortola to the Cooks of Portugal, its old photographs are well-chosen; the new colour ones are fun; the text surveys English gardens in Europe from Portugal to the French Riviera, from *Malaga* to eastern Sicily.

Everyone will find an unfamiliar villa and little-known facts and practitioners of English gardening abroad: there was much more going on in the earlier part of this century *than the famous* lavishness of Miss Willmott in France or the amazing vulgarity of Cannes.

Many books on this topic are either picture-boilers or the work of garden historians who have never been near a plant or would not know the English difference between middle and upper class.

Charles Quest Ritson is something else. He has a profound knowledge of roses: his training extends from history to tax law and life with a plantswoman whose nursery stocks *Prunus bessii* and who describes Oxford University as *second-rate.*

His book reads like a tightly-written brief, packed with his own research, a good line in passing comment and a sharp eye for expatriates' particular obstacles: soil, sun, and *their heirs*. He gives an excellent bibliography, which asks to be followed down rare avenues which he recommends.

I have been relishing it at breakfast, a chapter at a time, *and the view from my window* of rain, long grass and English greenery has seemed wonderfully at odds with the dreams which he conjures up.

Often, a dream is all that is left. This book is best at the specific, the family detail, the problems of water, or the botanical specimens to be found in great gardens of the past.

*It reminds us of great* enterprises which cost fortunes and have now disappeared. At times, it is not entirely explicit about the *level of gardening* which remains.

Its unwary readers might visit Ravello on the coast of Italy, expecting to find a living tradition of plantsmanship and maintained elegance. It is *worth visiting the* Scottish-based garden of the Villa Rufolo and the nearby Villa Cimbrone, home of the Yorkshire expatriate, Lord Grimthorpe, whose home society knew him as the Big Bad Wolf.

The siting of these two gardens is still spectacular, on the edge of a steep cliff, but their planting is pretty awful and their upkeep is not distinguished.

*Further north, in the great* garden made by the Hanburys at La Mortola, the story is even worse. As Quest Ritson comments more gently, its heir, the University of Genoa, has continued to make an frightful hash of its legacy, in spite of the attempts of English experts who have been consulted.

France has a fabulous pair to our own Hidcote, the second home of Lawrence Johnston at La Serre de La Madonne. Very few gardeners have been allowed to visit *its remains*, but the reports are of a ruined framework, sad witness to a dream of the past.

Quest Ritson well remarks that Italians know how to restore a ruin: they also understand concepts like ecology or botanical environment. They do not have a clue about artistic gardens of flowers which can evolve in a duet with committed gardeners.

Not everything is lost and decaying. Quest Ritson has a sharp eye for neglected areas *of genius, still* alive and well. He appreciates the Botanic Garden in Palermo; he pays particular homage to Sir Peter Smithers and his remarkable garden at Vico Morcote, which includes almost every known *magnolia*.

The two Wakefields, father and son, earn a large bouquet at Clos de Peyronnet; mention is made of Russell Page, the professional English designer abroad; the great garden at Ninfa and the Howards make a proper climax to the text; on Madeira, there are fond words for the Blandys and on Sicily for the Whitakers, active families whose gardens were built on fortunes from Madeira and Marsala wine, respectively.

Sometimes, the air is so rarefied that I feel myself in a minority: "Many have travelled to the Villa Taranto in June in the hope of seeing the rare *Emmenopterys henryi* flowering as nowhere else in Europe." Perhaps we should join the crowds.

My own guess is that the 21st century will see a great scattering of good gardens, *newly made* by young English owners who have opted for life in Europe and managed to cope with the absence of the best weed-killers in the smaller market towns.

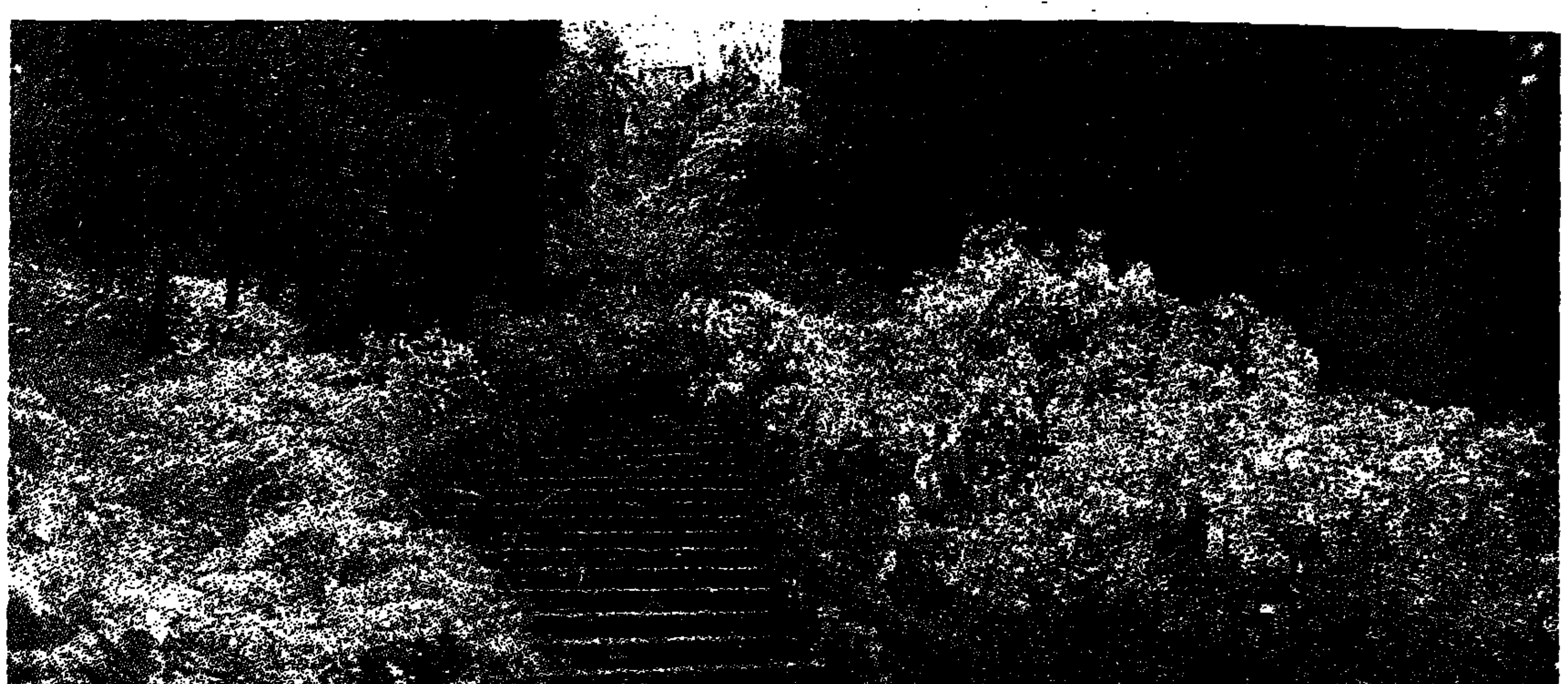
They will have *made their* fortune in the stock market boom of 1994-96: more women than ever before will be cashing in their chips and setting out with personal fortunes to lose their golden *handcuffs in gardens of flowers* which will make Monet look old-hat.

They will revel in Quest Ritson's book and many of its bons mots. The French have always been puzzled that well-off English owners should want to work in person and let the garden *make them* dirty.

At the great garden of La Mortola, Lady Forbes once wrote of her three golden rules: "Never plant singly; do not mix families of plants, which, by the laws of nature, could never *have grown* together; study your colour-schemes."

In practice, as Quest Ritson aptly observes, she usually broke her own rules. Expatriates, he reminds us, tend "to present as problems what *in* practice they see as opportunities."

From this familiar mentality, yet more good *English* gardens in exile are still to be born.



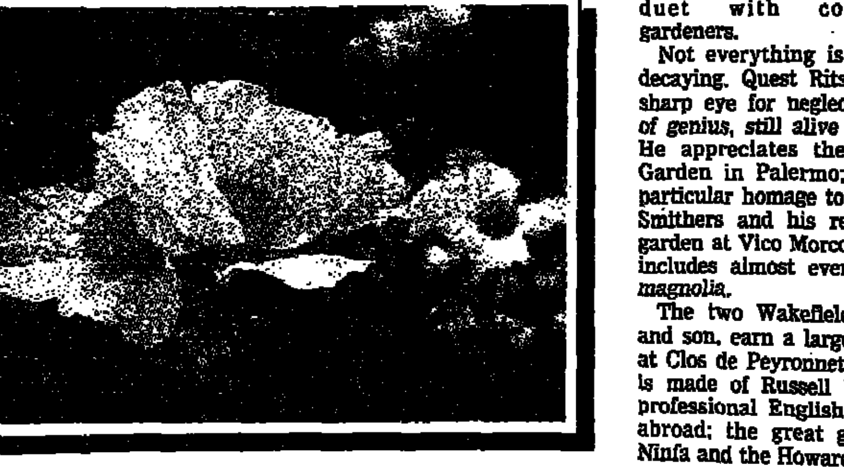
One of the gardens from Quest Ritson's notable book

**Plant of the week**

*Romneya coulteri*

**This is the Californian Tree Poppy, a semi-shrubby perennial with stiff, 5ft-6ft stems, some of which might survive the winter, but *others are likely to be* killed to ground level except in mild places.**

**Stems and leaves are grey-green; the sweetly scented flowers, which are large and poppy-like, are pure white with a big central boss of golden stamens. This is a very *beautiful* plant, which thrives in warm, sunny places and fertile, porous *soils. It is difficult to* transplant and should be obtained in pots, from *which it can be planted* out without root disturbance.** *AH*



BOOKS/ARTS

Books for the Beach

# A new wave celebration

HERE ARE two books for the beach, celebrating as they do – in different ways – swimming and the sea. Charles Sprawson's *Haunts of the Black Masseur* is, despite its opaque and inappropriate title (teasingly half-explained on page 255), straightforwardly a history and celebration of mankind's pleasure in the water.

**HAUNTS OF THE BLACK MASSEUR**
**by Charles Sprawson**
*Jonathan Cape £15.99, 301 pages*

**SEVEN-TENTHS**
**by James Hamilton-Paterson**
*Hutchinson £16.99, 269 pages*

It apparently began life as an article and turning it into a book has left stretch-marks: some repetition and too many long outlines of the plots of novels that deal with swimming. Clearly, Sprawson has read virtually everything on the subject, which makes it shameful that there is neither index nor bibliography.

That said, there is much to learn and enjoy – and some splendid photographs. As with so many human activities, the Classical period (especially Rome with its 800 public baths) represents a high point. Then came the Dark Ages, lasting in this case right up to the Romantics, during which most people regarded swimming as very eccentric.

But with Goethe, Byron, Shelley, et al, it took off again and has never looked back. For the Romantics and their followers, swimming and the sea symbolised many things: heroic challenge, taken up by Byron in the Hellespont; liberation from the pressures of bourgeois life (until well on in the 19th century everyone swam naked); return to nature and the womb (in spite of Shelley's obsession with bathing and sailing, he never learned to swim, courting death through leaky boats and wild seamanship until he found it).

In the 19th century, the English dominated swimming, using the breast-stroke, which had been universal since the dog-paddle disappeared in Elizabethan times. (It was common to learn to swim in the study, watching a frog in a bowl). Then came the crawl, and with it the 20th century has belonged to the other Anglo-Saxon nations and the Japanese. This century has also produced the diver and magnificent feats of daring and beauty, linking aquatics to art and show-business. Finally, Sprawson nicely chronicles for us the explosion of the private pool, both grand and domestic, and a return to the ubiquitous sybaritism of the Romans.

James Hamilton-Paterson ranges more widely in *Seven-Tenths* (another opaque title, whose explanation is that seven-tenths of both the human body and the surface of the globe is water). There is swimming in this book too – through it runs a haunting autobiographical motif of a swimmer in mid-ocean who has drifted out of sight of his boat. But there is much else.

A confessed non-scientist, Hamilton-Paterson is engagingly fascinated by the history of scientists' attempts to understand the sea and its creatures. He enjoys and is enjoyable on the subject of persistent misconceptions.

*For decades after everyone concerned should have known better, the view persisted that water became so dense at deeper levels that sinking ships and human bodies would remain suspended some way above the bottom. For a long time, it was theoretically shown (completely wrongly) that no life was possible in deep layers of the ocean.* The author gives an exciting account of the heroic descents by William Beebe and others in small contraptions they built themselves and of the wonderful things they saw. There is a scientific detective story about coral reefs and how they were formed. As so often, it turns out that Darwin got it more or less right.

Hamilton-Paterson is good on wrecks, the fascination they exert and the obsessive nature of the searches for them. After Robert Ballard finally succeeded in his quest for the *Titanic* he said: "In a way, I am sad we found her".

What gives the book its special quality is the author's elegiac tone, his continuous musing on the emotional, ethical and psychological aspects of the subjects he discusses. There is a moving account of the *USS Arizona*, a warship sunk at Pearl Harbour which has not been raised but left as a uniquely dignified war memorial ("the only example of a monument which is viewed from above"). We are treated to a persuasive theory that the famous Caribbean pirates were homosexuals to a man. Then the discussion slides to modern pirates in the Philippines and the symbiotic relationship they have with the nomadic sea-people on whom they prey. And then to the nature of nomads and the loss to the human spirit which will be sustained when such people finally disappear from the world.

The book indeed is primarily about loss. There are some passionate and well-documented attacks on the current spoliation of the ocean (the chapter on trawler-fishing in the North Sea is particularly horrifying). But the general tone is more subtle.It is well encapsulated by the only incident quoted in both books under review. As early as 1907 Edmund Gosse lamented that no one would ever again see the wonderful world of the seaside rock-pools which his famous naturalist father had described so beautifully and reverently 50 years before, but which had then been destroyed by the invasion of amateur collectors stimulated by that very account.

***Kit McMahon***

# In praise of a beautiful angel

***Michael Glover** on Shelley's bi-centenary*

NEXT WEEK marks the bi-centenary of the birth of Percy Bysshe Shelley, one of England's greatest Romantic poets, a figure reviled in his lifetime for his scandalous life and unfashionable opinions, and quickly apotheosised after his death at the tender age of 29 as the very type of the Poet – Matthew Arnold once described him as a "beautiful and ineffectual angel, beating in the void his luminous wings in vain."

Although one of his grandfathers was born in Newark, New Jersey, Shelley himself came from West Sussex, but there was no love lost between him and his forebears, whom he once described as "a parcel of cold selfish and calculating animals who seem to have no other aim or business on Earth but to eat drink and sleep." Fortunately, he spent little time there.

He was beaten and bullied at Eton, where fellow pupils denounced him as "mad Shelley", and later expelled from University College, Oxford, for failing to answer questions in front of a public tribunal (consisting of heads of college, professors and a quorum of bishops) about a pamphlet that he had written and circulated, entitled "The Necessity of Atheism." And in 1816 he was banished from the family estate for eloping to Edinburgh with the 16-year-old Harriet Westbrook – the first of many flights from authority.

Much of his later life was spent in Italy – Lucca, where he translated Plato's *Symposium*, Venice, Naples, Pisa and, ultimately, Lerici, where he lived in a lonely beach house on the bay with the rest of his household, which by this time consisted of Mary, their son Percy Florence, and Claire Clairmont, Mary's young step-sister. It was here that his last major poem was written, "The *Triumph of Life*", which was left unfinished at the time of his death. The last, sad act in the drama has been well documented: Shelley, a non-swimmer, drowned in August 1822 after an unexpected squall hit the schooner *Ariel* during a return trip from a visit to Byron at Livorno. The god was dead.

The myths surrounding the person and the poetry of Shelley were freely circulating within a quarter of a century of his death. Why was Shelley so ripe for myth-making? Five reasons, principally: he had been astonishingly prolific at a very young age; he had died at sea, a kind of death that had already been immortalised by Milton in "Lycidas"; he had a lived a life of public scandal and concern, thanks to his extreme political views and his atheistical tendencies; his personal life had been repeatedly tainted by charges of immorality. And, equally scandalously, he had been friends with Lord Byron and other dangerous

*Old age had not had the opportunity to wither him*

aristocratic reprobates, thus heaping scandal upon infamy in the mind of a public as thirsty for the stuff then as now. But, above all things else, he had been cut off in his prime – old age had not had the opportunity to wither or mature him.

And then, in the 20th century, Shelley the Skylark's reputation nose-dived, thanks to a great deal of scatter-spray loosed off from that rusting blunderbuss, F.R. Leavis, and his beaters. Leavis mocked and reviled Shelley for his linguistic vagaries and ridiculous rhetorical flights of fancy. Unfortunately, and as was so often the case with Leavis, the quotations that were deployed to set Shelley spinning down from the upper air were highly selective – and his life and other achievements as thinker, *letter-writer and savage polemicist* were ignored.

It is these aspects of his multifarious talent that other, later critics have hailed as remarkable – his passionate indictment of the failures of technology; his defence of vegetarianism; and the political radicalism that made him the toast of a thousand radical and chartist groups in the middle of the 19th century while the defenders of his poetry, makers of that very myth-machine, were soaring high in the clouds with his juvenilia.

**Percy Bysshe Shelley: ripe for myth-making**

How do we explain such a multi-faceted genius as Shelley's? He seemed to contain within himself the extreme *passion and the extreme ideal*ism of a young man who had not lived long enough to be browbeaten into the conformities of middle age – wedded, of course, to a brilliant intellect that genuinely believed in the power of the hammer-blows of reason to beat down the walls of Tyranny. The date of the bi-centenary is August 4.

## Celebrating Shelley: the times and the places

**ENGLAND'S response to the bi-centenary of the birth of one of its greatest poets has been various and disparate – so unlike the official brouhaha that surrounded last year's Rimbaud centenary in France. There have been many lectures and readings up and down the country, some accompanied by music.**

**Oxford's Bodleian Library has been hosting a Shelley bi-centenary exhibition, which runs until August 8. West Sussex County Council declared May 20 a Shelley Vegetarian School Meals Day in commemoration of the poet's vegetarianism. The Council has also published a Shelley Trail Guide, "pinpointing places of interest in Sussex linked with Shelley and his family." In April a permanent Shelley Room was opened at Horsham Museum. At Eton, Shelley's old school, speeches were delivered in his honour on April 23.**

**The occasion that Shelley's shade is likely to have enjoyed *the most* was the Byron Society's dinner in his honour in the House of Lords on March 20, addressed by the Tory Peer Lord Blake; a more kindred spirit can scarcely be imagined. And on the day of the bicentenary itself, August 4, the National Portrait Gallery in London will host a tribute to the poet.**

**Overseas, in April an exhibition of Shelley manuscripts opened at the New York Public Library under the title *Shelley: Poet and Legislator*, and that continues into September. In May a three-day international conference of Shelley scholars examined the poet's legacy at New York's City University Graduate Center.**

**Celebrations in Rome (where the poet's ashes are buried), many organised by the Keats-Shelley Memorial Association with support from the British Council and Penguin Italia, have included a series of readings, lectures and films, and these will continue throughout the year. In Lerici, the May Poetry festival offered an evening boat trip in his memory – without, on this occasion, significant loss of life.**

**All details of this year's Shelley celebrations world-wide can be obtained (send an SAE) from the Keats-Shelley Memorial Association, Flat 1, 33 Aberdeen Road, London N5 2UG.**

**Publishers have also pulled out a few stops. The Hardy scholar Desmond Hawkins published a biographical account of *Shelley's First Love (Margaret Harriet Grove)* in May (Kyle Cathie, £14.99). Those fond of the fictionalised saga might wish to dip into *Wild Spirit – the Story of Percy Bysshe Shelley* (Hodder, £15.99); Robert Gittings and Jo Manton have re-assessed the importance of Mary Shelley's step-sister, Claire Clairmont, in *Claire Clairmont and the Shelleys* (Oxford, £20), and Judith Chernaik's *Mab's Daughters*, a fictional re-creation of the diaries of the women in the Shelley circle, is available in paperback (Pan Books, £5.99).**

Festival d'Aix-en-Provence

# An updated Rake that progresses nowhere

THE CONJUNCTION of a new *Rake's Progress*, brought to the stage of the Théâtre de l'Archevêché by Alfredo Arias, with the revival from last year of Robert Carsen's hit production of *A Midsummer Night's Dream* gave the Aix Festival the opportunity for its very own study in Anglo-Saxon manners. It was not a survey of eccentricity that many English would recognise now, but clearly it touched chords and confirmed prejudices with a good portion of the French audience. There, though, any parallels between the two stagings begin and end, for where Carsen's production seems to me a milestone in the stage history of Britten's opera, Arias' half-baked realisation deserves to be quickly forgotten.

*There* might well be an updating of *The Rake* that would give good mileage – with Tom Rakewell as 1980s yuppy perhaps, given his year of dissolute high living courtesy of all the Nick Shadows of high Thatcherism, and with any number of possible candidates for the roles of Mother Goose and Baba the Turk. Arias settled for something much woollier and less specific. While the costumes placed it somewhere in the first half of this century, his *idée fixe* was to double the three protagonists with dancers, who embroidered each set piece with their own parallel plot, carefully choreographed by Andy Degroat. It was never illuminating, only distracting.

Even before the opera began the inmates of the Bedlam asylum were swarming over the stage; that they were all female, and found themselves in some pretty lurid postures raised suspicions from the start. Meanwhile a television set was offering edited highlights from Hogarth's engravings and soon showed itself to be another *idée*, dispensing a succession of Highly Meaningful Images – a pair of doves billing and cooing at one point (for Tom and Anne of course), a mouse trapped in a wheel, even, heaven help us, the Household Cavalry on parade. Not so long ago the recruitment of circus midgets used to be a reliable indicator of a desperate directorial imagination; now televisions showing irrelevant video clips have been added to the opera's director's more dubious baggage.

It was all a great pity. For though the cast's American accents emphasised the out-of-kilter "Englishness" of the proceedings, and often drew attention to the unruly prosody of Auden and Kallman's text, the three central roles were as strongly presented as could be imagined in international opera today. Samuel Ramey has been the definitive Nick Shadow for the best part of a decade and here combined a wonderfully economical stage presence and oleaginous style with singing of understated menace and impeccable clarity. Dawn Upshaw's Anne was utterly straightforward, prim, sweet and all the more moving in the second half of the opera for her very restraint. She particularly made the presence of a balletic double seem utterly superfluous.

Jerry Hadley was Tom; when one overcame the culture shock of hearing the lines sung with such forthright vigour and almost a Broadway style of phrasing, his performance became a compelling demonstration of vocal prowess. The Mr Truelove of John Macurdy inevitably seemed less assertive, but together with Joan Khara's ample Mother Goose and Victoria Vergara's Baba the Turk (a replacement for the ailing Tatiana Troyanos) ensured a cast with no weak points. Kent Nagano conducted, with the kind of elegance and concern for texture and phrasing that are characteristic of his Stravinsky. Had the dramatic context only offered more, this would have been a *Rake's Progress* of exemplary distinction.

* * *

The theatrical discipline and visual flair of the *Dream* only underlined the shortcomings of the Stravinsky., The awards and praise showered on the production last year seem entirely deserved, for it offers a vision of Britten's opera that is both breathtakingly seductive and thoroughly perceptive. Carsen's concept, using a colour scheme of bright green and deep blue (designs by Michael Levine) is carried through without ever faltering; it hardly matters that not all the ideas are freshly minted. Its *parade of true English eccentrics* – Puck as dirty-raincoated flasher, Lysander regency fop, Demetrius City gent, the fairies a regiment of frockcoated public schoolboys – is never overplayed, and crucially never suffocates the individual performances of a fine cast.

There is no space to catalogue the contribution of every singer, but James Bowman's Oberon is now more sensitive of phrasing and colour than ever, and Lilian Watson's Titania, was comprehensively seductive in voice and demeanour. Juliet Booth's painfully frumpy Helena, John Graham-Hall's impossibly gangling Lysander, and Peter Rose's irrepressible Bottom must be mentioned, together with Emil Wolk's virtuoso, menacing Puck. Steuart Bedford's conducting (of the English Chamber Orchestra) unfolded the score with exemplary care.

Even those who regard *A Midsummer Night's Dream* as *one of Britten's most problematic* operas would have laid their misgivings aside and been held spellbound by this exceptional version, for which a revival is promised in Paris, Lyon and Montpellier in two years' time.

***Andrew Clements***

Saleroom

# Old Masters lead the way to normality

***Antony Thorncroft** on a year in which tradition – and sanity – returned to the auction houses*

THE MOST expensive work of art sold at auction in London, in the UK, indeed in the world, in the saleroom season now ending was an Old Master painting: Canaletto's broad sweep of the Horseguards in St James's Park in 1749, which Christie's sold for the Harris family, who had owned it for more than two centuries, went to composer Sir Andrew Lloyd Webber for £10.13m.

*The second most expensive* work disposed of in the UK, also at Christie's, was another Old Master, Titian's "Venus and Adonis", which the experts decided was mainly in the hand of the Master rather than his studio. It went, via Christie's and the Earls of Normanton, to the Getty Museum for £7.4m. And the third most costly work? Well, yet another Old Master, Rembrandt's portrait of Johannes Uyttenbogaert, which Sotheby's sold, for Lord Rosebery, to an American collector for £4.18m.

What could more vividly sum up the transformation in the art market than the fact that three Old Master paintings, all from English aristocratic collections, made the top prices in the auction room in 1991-92?

The *rout, at least temporarily*, of the Impressionists, and of 20th century art, of classic cars and of the abstract expressionist artists of the 1950s, is complete. The auction world has returned to its traditional ways, where connoisseurs rule and established works of art hold pride of place. Christie's reports that Old Master sales rose 23 per cent this season and furniture by 18 per cent. For Sotheby's, jewels were the biggest market – followed by Old Masters.

*But this return to accepted* standards is not totally good news for the salerooms. In the heady days of the late 1980s and early 1990 the speculative bubble in the Impressionists, headed by Japanese buying, pushed art prices (and saleroom profits) to unprecedented heights – $82.5m (£43.1m) was paid for a Van Gogh; $78.1m for a Renoir. With the disappearance of such prices for post-1870 art the annual sales of Sotheby's and Christie's have slumped and they have to work hard to make a profit.

This week they announced their results for the 1991-92 season. Sotheby's registered a worldwide decline in sales during the year of 15 per cent in dollar terms to $1.14bn (£640m), while Christie's was 8 per cent lower at £609m ($1.082bn). The falls at least showed a levelling *off on a year ago* when both salerooms announced a reduction in turnover during the 1990-91 season of approaching 60 per cent.

The art market has now accepted that it is in for a long, hard haul out of recession. Christopher Davidge, managing director of Christie's, admits that he anticipates two seasons of modest growth. But there are clear signs that the worst is over. Both Sotheby's and Christie's report that sales in the first six months of this *year show a 6 per cent* improvement over 1991. This is the kind of growth that the auction houses anticipate in the immediate future.

In a business where confidence is vitally important, the two auction houses are skilled at finding patches of blue sky. For a start, sellers have finally accepted that the market is in the doldrums and that, to dispose of their works of art, they must lower price expectations and reserves. As a result the number of lots left unsold globally this season has remained the same, at around 23 per cent at Sotheby's and 25 per cent at Christie's (although Christie's in London has done much better, reducing its unsold lots by 5 per cent during the season to 17.5 per cent).

**Rembrandt's picture of Johannes Uyttenbogaert sold for £4.18m**

The basic problem for the salerooms remains the reluctance of owners to risk disposing of important masterpieces at auction during a flat market – unless the demands of Lloyd's of London, or business failures, command otherwise. What Sotheby's and Christie's need is a succession of substantial deceased estates, consisting of works of art of undoubted brilliance, and heirs desperate to raise some money.

Sotheby's has actually just secured one. The death of the Prince of Thurn und Taxis in Bavaria has forced his widow to cash in some of the family's amazing art collection to meet death duties. The first, of three, auctions – consisting of jewels, silver and works of art – will be held at Geneva in November. Sotheby's is tempting buyers with very conservative estimates, and at least £8m should be raised. Michael Ainslie, chief executive of Sotheby's, *hopes that this auction*, which seems certain of success, will be the trigger to restore much-needed confidence to the art market.

Sotheby's needs a lift. It has found conditions marginally harder in the past season than Christie's, which got its cost reductions in first with a wave of redundancies in December 1990 and is currently trading at a small profit. Sotheby's has had its triumphs – the collection of Jaime Ortiz-Patiño raised $29.4m; a Fabergé Egg sold for $3.2m; there was a record for a carpet when a Louis XVI Savonnerie made $1.2m; and the $2.8m paid for a painting by Diego Rivera was the second highest price for a Latin American painting.

But Christie's, thanks mainly to its century-old links with the owners of Old Masters paintings and its success with English furniture (especially the Messer collection, which brought in £7.7m), marginally increased its market share. It claims 49 per cent, a 1 per cent gain on the season and its highest share against Sotheby's since the mid 1950s. It has inflated its figures by including private treaty sales, in particular the £10m it secured by selling Holbein's "Lady with a squirrel" to the National Gallery. Even so it probably made a minor inroad and certainly *heads Sotheby's in the UK and* Europe.

But market share is less important than market size. While the recession extends its grip on the world there will be no substantial improvement in the fortunes of the salerooms. Speculative buying has disappeared, and antique dealers faced with unsold stock are, in markets such as 20th century art and furniture, taking a back seat to private buyers.

Both Sotheby's and Christie's have reduced their payrolls *this year*, frozen salaries, and had a blitz on printing and office costs. Christie's senior directors are still enduring a 20 per cent cut in their salaries, *but at least* the company seems safe from takeover bids. Sotheby's has attracted more speculation since its owner, Alf Taubman, decided to sell 8m shares this summer.

Phillips, third in size among the British auction houses, did well by achieving sales of £85.3m and registering a fall of only 3 per cent. It was helped by the emergence of private buyers who out-bid the moribund trade. Bonhams, fourth in size, did even better, manag*ing growth of 2.3 per cent to* £22.12m, and actually recording a gain of 14 per cent in the first six months of 1992, thanks mainly to private buying.

Indeed, all the auction houses are looking towards the collector to provide the limited growth they anticipate in the new season, which gets under way seriously in October. It will be a hard grind but, with the worst probably behind them, the auction houses can try and forget the wonder years between 1987 and 1990 *and return to the slow but* steady expansion, linked to the world economy, which characterised the trade in the past.

ARTS

# A ragbag of riches for the Beaubourg's birthday

***Alice Rawsthorn** tackles an ambitious, multi-layered exhibition to celebrate 15 years of the Pompidou Centre in Paris*

*"HEY, it's Zoo TV," said the teenage tourist on spotting the arch of video screens piled on top of each other at the entrance to the top floor of the Manifeste exhibition at the Centre Georges Pompidou in Paris.*

He was both right and wrong. Wrong, because the video arch is not a relic from this summer's Zoo TV rock tour by U2, the Irish rock band, but a video installation made in 1985 by Nam June Paik, the South Korean artist. But he was right in that Paik was undoubtedly an important influence over the video artists working on the U2 tour, and Manifeste is all about tracing links between different strands in modern art. If Nam June Paik's ideas began in an art gallery and ended up on a rock stage – so be it.

Manifeste commemorates the 15th birthday of Beaubourg, as the Pompidou centre is usually called. It is intended to be both a retrospective of the art collected by the centre since its opening and a statement of intent for the future from Dominique Bozo, who became Beaubourg's president last autumn.

The show's logistics are exhausting. Manifeste, which runs throughout the summer, acts out Beaubourg's dual roles as France's national museum of modern art and its centre of industrial creation. The exhibition encompasses architecture, design, video and photography, painting and sculpture, in a show stretching over 7,000 square metres on six floors.

One of Manifeste's main aims is to introduce Beaubourg's new architecture collection. The curators have sensibly steered clear of trying to present a thorough overview of contemporary architecture and have instead concentrated on specific subjects, such as the sculptural work of Frank Gehry and Aldo Rossi, and the new emphasis on modern materials pursued by the younger architects, Rem Koolhaus and Jean Nouvel.

The results are erratic. The intricate models for Toyo Ito's Tower of Winds at Yokohama and his Silver Hut in Tokyo are stunning. The presentation of Jean Nouvel's new tower at the La Défense business district to the west of Paris really succeeds in conveying a sense of what the tower, which will be the tallest in the world, with an opaque black base and transparent top, will look like when it is built. Other exhibits, particularly the tatty cardboard mock-up of Frank Gehry's American cultural centre in Paris, are too slight to say anything significant about the architects, or their work.

The curators have made an honourable attempt to explain why particular architects, or buildings, were selected. Sir Norman Foster's Hong Kong & Shanghai Bank headquarters is singled out for the complexity of its construction and Ito's municipal museum at Yatsushiro for what it says about his ideas on museology.

But the exhibition fails to address the central issue of how to show buildings in a museum context. It adopts the conventional approach of displaying buildings in model form, sometimes backed up by sketches. The limitations of architectural models are all too apparent, notably in the model of Richard Rogers and Renzo Piano's design for Beaubourg itself, which makes the Pompidou centre look like a serene study in white plastic, not the bright, bustling building housing the show.

The same criticism can be levelled against the design section. Design, like architecture, is notoriously difficult to exhibit. Manifeste rounds up the usual suspects for a whistlestop tour of modern product design, running from Joe Columbo and his fellow futurists in the 1960s, to the post-modernist puns of Philippe Starck in the 1980s. Their work is displayed on pristine white plinths, along the lines pioneered by the Museum of Modern Art's design department in New York and since faithfully imitated by most other design exhibitions.

The problem with this approach is that it gives little or no idea of the context in which the design was developed, or of how it was used. In a crowded show like Manifeste, where there is only enough space for a limited selection of each designers' output, it leaves no room to consider how a particular piece relates to the rest of the designers' work, or its influence on other designers.

Manifeste is most successful with design when it abandons the conventions and adopts a more playful approach. The design section is spread across two floors. Some exhibits on the lower floor are encased by walls and are only visible through overhead shafts on the upper floor and slim vertical slits running down the walls below.

From the top the exhibits look bewilderingly abstract. A polyurethane library by Gaetano Pesce, the experimental Italian designer, resembles a volcanic overspill; a red plastic table designed by Annie Tribel for a Paris café looks like a minimalist sculpture. Then there is a delicious sense of the illicit when you see them at a normal angle through the slits.

Design and architecture apart, Manifeste is chiefly concerned with painting, sculpture, video art and installations. Beaubourg's permanent collection of modern art until 1960 has been kept intact on the fourth floor, the core of the show is its selection of work from the last three decades.

Dominique Bozo is adamant that Manifeste is *not* an attempt to present Beaubourg's definitive statement on art since 1960, but an idiosyncratic selection from its collection. The problem with this is that it makes it difficult for the show to seem like anything other than a motley assortment of important, and not so important, work from the 1960s to the present day.

Manifeste works best when bodies of work are gathered together in logical groupings within which the work of one artist relates to that of the rest. The most successful section is that devoted to the Arte povera and Antiform movements on the mezzanine floor.

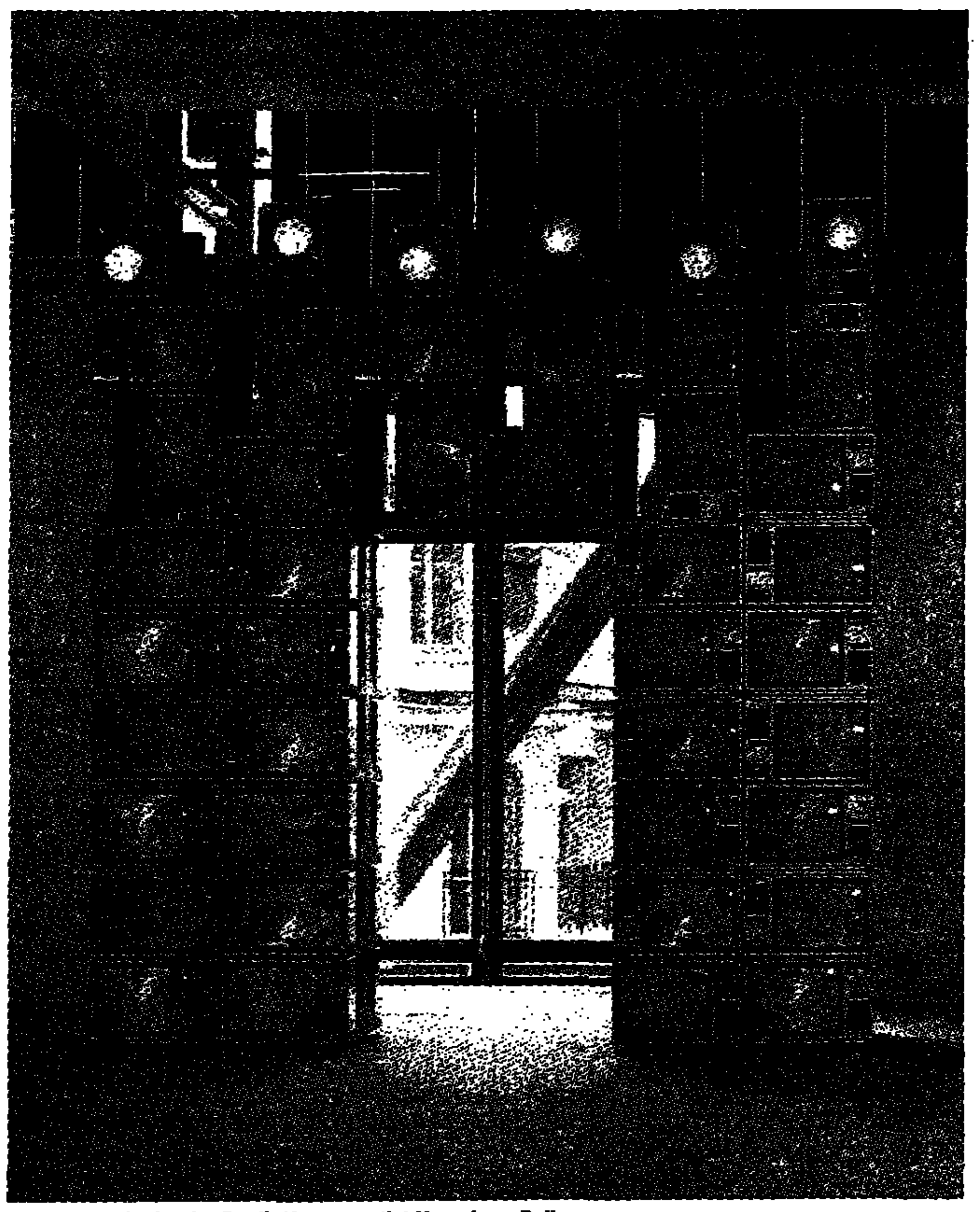
The juxtaposition of naturalistic pieces, Richard Long's Cornish slate stone circle and Jannis Kounellis' raw wool on wooden poles, with Mario Merz's neon-encrusted "igloo" of earth-filled sacks works wonderfully under the ducts and piping that criss-cross the industrial interior of the Pompidou centre.

Similarly, the Fluxus is successful because the main installations – Plight, a series of rooms swathed in thick rolls of felt by Joseph Beuys, and Moon is the Oldest TV, another video sculpture by Nam June Paik – are so strong that they grab the visitors' attention.

The rest of the show is so vast and so varied that it is difficult to do anything other than focus on the few really stunning pieces – a beautiful Baselitz oil on the top floor, a nearby wall sculpture of metal boxes by Christian Boltanksi, Marcel Broodthaers' room installation or the space allocated to the German painters, Sigmar Polke and Gerhard Richter – while zapping past the others.

Manifeste is too crowded and confusing to achieve Dominique Bozo's aim of being a testimony to Beaubourg's past and a pointer to its future. It is really a ragbag of art – some good, some bad, much of it indifferent. But there are enough good pieces to make it worth while taking a deep breath and scouring the six floors of Centre Georges Pompidou to stride past the dross and seek out the very best of the Beaubourg collection.

**Manifeste is showing at the Centre Georges Pompidou, rue Rambuteau, 75003 Paris, until the autumn. Open weekdays 12pm to 10pm and weekends *10am to 10pm. Closed Tuesdays.***



Video installation by South Korean artist Nam June Paik

*Maternity figure in wood, from Nigeria*

# Sculpture of the 'savages'

***Susan Moore** admires a Parisian celebration of Black African art*

IN THE 19th century, the Nazarenes in Germany and the Pre-Raphaelites and their precursors in England looked to the art of the so-called Primitives as a means of regenerating the art – and society – of the present. In panels and frescoes painted before the invention of complex illusionistic devices of lighting and perspective, they found a sincerity and vigour deemed lacking in contemporary art. The group of "Primitifs" in J.L. David's studio in Paris had similarly rejected the polished classicism of their day and advocated a return to a simpler form of art.

A century later, comparable reaction to the facile virtuosity of Salon painting and the over-attenuated decadence of Art Nouveau prompted the Paris avant-garde to appropriate African sculpture. Its formal language and expressive power provided a way out of the perceived impasse of Western realism.

To ethnologists such as the late William Fagg, it was a "rude misappropriation". The Modernists had never been interested in learning from the tribal art that was gradually filling up the new ethnographical museums of Europe. They had simply seized on one of the most conservative and traditional of arts to serve their anarchic and iconoclastic ends.

Certainly the Fauves, Cubists and members of Der Blaue Reiter seemed to care little about the function or significance of African sculpture, or to distinguish between works of art and something knocked out for the tourist trade. It is, however, primarily thanks to these artists that objects which were initially viewed as curiosities or artefacts made their way out of the ethnographical museum and into the art gallery. In 1920, the critic Roger Fry, reviewing an exhibition of Negro art in London, probably spoke for an entire shocked and bedazzled generation when he felt forced to admit that so-called savages had produced sculpture that was greater than anything produced here, even during the Middle Ages.

It is purely on aesthetic grounds that we are invited to admire the 65 choice pieces of Black African sculpture selected by Ezio Bassani currently on loan to the Musée Dapper in Paris. This exhibition, a version of that shown at the Forte Belvedere in Florence in 1989, is not meant to be comprehensive or didactic. It is a celebration of masterpieces.

To that end, considerable care has been taken to show each piece to its best advantage, in both this beautifully, if somewhat theatrically lit exhibition and in its lavish catalogue. (Le Grand Heritage: Sculptures de L'Africa Noire, Fondation Dapper, FFr263).

This delectable visual feast opens with a small section of ancient or early sculptures, from Akan terracotta heads and Benin bronzes to the extravagant Afro-Portuguese ivory salts made by the Sapi peoples in Sierra Leone 1490-1530. Disappointingly, there is not one of the great Ifé heads that rank among the finest sculptures ever made. The first of many compensations is the imposing and imaginatively stylised Nok terracotta head from 500BC-AD200 Nigeria, glinting with the specks of mica ingeniously fired in its clay. Its technical sophistication seems even more wondrous when one realises that this head was probably once part of a life-size figure.

Such is the innate vitality of these and many of the more recent figures and masks that they seem to be imbued with a life of their own. It makes no difference whether the sculpture is naturalistic and particularly expressive of personality, or simplified and abstracted to the austere geometries of Mbole and Ngbaka wooden masks and to the Mahongwe and Kota bronze reliquary figures from Gabon. No wonder the Modernists looked on covetously.

The representation of the human figure is the predominant theme of African sculpture. We find ancestor figures created to make contact with the world of the dead and to affirm the right to land or power, and images of spirits or divinities which are characterised by their frontality, a rigorous symmetry and, not infrequently, a considerable serenity and dignity. It is in the ritual masks, however, that the sculptors seem to be allowed their greatest freedom of expression.

Bassani has purposely restricted his selection in order to demonstrate the richly varied modes of expression adopted by individual ethnic groups. The show is, more generally, glorious witness to the African sculptors' formal inventiveness and to his instinctive ability to conceive form in three dimensions, emphasising or diminishing volume at whim to create the desired rhythm and effect.

A piece such as the remarkable Bangwa seated figure from Cameroon, like all the best sculptures, is interesting from almost every angle and compels us around it. The sculptor showed no qualms about massively elongating the heavily bangled left arm that supports the head: he wanted his figure to remain appropriately erect.

Perhaps even more extraordinary to our Modernist-trained eyes is the economy of the top of a headpiece used by members of the Ogbom secret society, where the figure's torso and flanking arms are reduced to three parallel arcs of wood of equal width. There is comparably sophisticated use of "negative" space in a Kwele mask framed by band of light and air, and in the Mbole figures from Zaire.

The latter were hung up on walls as a warning to young initiates of what would befall them if they betrayed the secrets of their "Lilwa" society. Torso, arms and legs have been pared down to the narrowest of rough, tubular forms. The verticality of these male figures, and the sharp angles of neck, shoulder, arm and knee joints convincingly evoke the posture of hanged men.

**Le Grand Héritage continues at the Musée Dapper, 50 avenue Victor Hugo, 75116 Paris, until September 15. Tel: (1) 45 00 01 50.**

Video/**Nigel Andrews**

# Fast forward to the end of the world

A DARK thought occurred to me at the Irn-Bru Pop Video Exhibition, which has just opened at London's Museum of the Moving Image. Is the world seeing its whole cultural history flash before it, processed into these bite-size hallucinations, much as a drowning person is treated to a short, dramatic "pop video" of his past life?

Many of us today are worried by the fact that the planet Earth is about to open its mouth to its doctor and say "1999," possibly followed by "Aaargh." Pre-millennial tension is a natural human condition. The rise of the pop video is part of it: symbolic of a shortening of the spiritual breath before the numbers change to 2000.

The MOMI exhibition will show you what I mean. A dozen screens glower in darkened corners, issuing crazed staccato images of life and death, sex and smoke, Madonna and Michael Jackon. Nor is this *walpurgisnacht* screen culture confined to the pop video. The month's new feature film releases on video show that we have entered an age not so much of the short attention span as of the hunger for audio-visual tyranny.

*Batman* (Warners) is now available to pushbutton viewers, timed to coincide with *Batman Returns* at the cinemas. Both are drowning-person movies *par excellence*. Never mind leisurely exposition or patient filling-in of character: the screen explodes with cackling guest stars, runaway production design and multi-megaton special effects.

The video version of *Batman* is on widescreen format – hurrah! - which at least makes the strident virtuosity more bearable. Your eyes can roam a little around the mayhem. For another facet of the pre-millennial moving image is that we are mostly told what to see, perhaps on the principle that drowning people have no say in what flashes before them.

This tendency is evident in films as diverse as this month's *My Girl* (Columbia), *The Butcher's Wife* (CIC) and *Dead Again* (CIC). Made for the large screen, they play as if made for the small. We are hustled through the plots with heads held still while the cast stand at stage-front enacting their one-dimensional dramas of sentimental growing pain (*My Girl*), clairvoyant whimsy (*The Butcher's Wife*) or amnesiac murder mystery (*Dead Again*).

In former movie eras, before films had to anticipate a second life on television, the screen image could be a fresco. The eye could wander around a John Ford landscape or an Orson Welles cityscape, foraging for details. Today, the threat of emptying cinemas and homes equipped with fast-forward buttons puts pressure on film-makers to hold the viewer's attention at all costs, if necessary in a vice.

Let me illustrate the negative effect of this by citing one positive moment in *The Butcher's Wife*. The scene caused incredulous joy at the press show I attended. While psychiatrist Jeff Daniels and another character discuss an important plot point in a foreground doorway, Daniels's unoccupied patient in the background performs some quiet, inventively eccentric funny business with a mask. The shock of being allowed to take in two zones of action at once in a modern Hollywood movie made everyone in the audience guffaw with nervous delight.

But drowning persons are allowed few such moments of questing contemplation. For these you must turn from modern Hollywood to the art film sector of the video market, now growing fast enough to offer a serious home-viewing alternative. August's treats include Robert Bresson's *L'Argent* (Artificial Eye), a majestically gnomic murder tale from the director of *Pickpocket*, the Tavianis' harshly powerful *Padre Padrone* (Artificial Eye) and from Australia Jane Campion's *Sweetie* (Electric).

This last is a tale of family and personal breakdown couched at times in the language of non-sequiturs and surrealism we associate with pop videos. But there is a human story, and there are slower passages between the scherzos in which we can think about that story. That is the difference – a rapidly disappearing one in our countdown culture –, between viewing images and drowning in them.

Radio/**B A Young**

# Five go to the Olympics

RADIO 5 has the answer to those of us who have been wondering what exactly it was for: *Five at the Olympics*, every day of the week from 6.30 am to 10 pm, not only covers the Barcelona activities, it helps keep them off the other networks.

The five are Danny Baker, Ross King, Caron Keating, Terry Wogan and John Inverdale, each, no doubt, with athletic inside knowledge; but I shall follow the great displays by the professional amateurs and amateur professionals only through the news bulletins.

*The Message and the Media* is a promising four-part series that began on Radio 4 on Wednesday, presented by Sheena McDonald. The first programme, *Received Wisdom*, dealt with the basic problem: whether the news provided by the media was the news wanted by readers and viewers. Sir David English of the *Daily Mail* allowed frankly that his choice of news depended on the extent it might influence sales. Max Hastings, editor of the *Telegraph*, is for stories to interest readers content with the world as it is. Simon Jenkins, retiring editor of *The Times*, is for the provocation of discussion.

The electronic media take a more universal attitude. The BBC's Kate Adie wants *every* viewer to have the best chance of appreciating her reports; Nick Pollard of News at Ten presents one view to all groups from ABs to hypothetical EFs, which is much the same. John Birt, the BBC's Crown Prince, reckons that in a half-hour bulletin you do your best, and rely on supporting programmes for those who need more.

The previous evening, Radio 4 gave us *Inside Kosovo*. Kosovo is an Albanian enclave in Serbia, and Melanie Friend's report from Pristinâ, the capital, was full of familiar reports – professors sacked at the university, doctors at the hospitals, young men recruited for the Serbian army, 60 days' detention for hearing Albanian music on tapes. A refugee in London complained that she lived worse here than in Kosovo, for all her money went to family in Albania. At which target is this kind of news directed?

Radio 4 believes as strongly as Radio 1 in the magic of familiar voices. Over the last three weeks, *Stephen Pile Investigates* has queried the social value of sermons, the chance of predicting the future, the life of journalists, though Pile himself is not a padre, a prophet or a reporter, just a voice. What he investigates is how much other people know, and this week he asked about learning foreign languages. This is specially interesting, for nowadays foreign diplomats, politicians, casuals in crowds, often speak English on television that is fluent, even idiomatic. Do our own representatives do as well on the foreign screens?

Stephen Pile is no help to monoglots. After some small talk, he was introduced to the Vector method, involving interactive laser-vision, and made a deliberate ass of [illegible] problem, anyway; [illegible] Sherman told him [illegible] English was virtually universal, we had no need to learn anything else. The very ambitious might try Japanese or Arabic for commercial purposes. The BBC used to give language lessons. With respect to Sir Alfred, I wish it still did. Languages are used for other things beside commerce.

I warned that Radio 3 would offer another "Unmade Movie", and we got *A Night at the Wasteland*, by David Stafford. It told of T.S. Eliot's script for the Marx Brothers, and if I tell you that Chico addressed Eliot as Mr Elephant you may assess the standard of fun. The director was Jeremy Howe, in charge of Radio 3 drama.

Chess No 934: 1 Qg6 (waiting) [illegible] any [illegible] Rh1 [illegible] Qe4.

# TELEVISION

## SATURDAY

### BBC1

7.25 News. 7.30 But First This: Tales of a Wise King and the Devil. 7.35 Hallo Spencer.

**8.00 Olympic Grandstand, Racing and Football.** *Olympics,* including rowing: Seven finals from Banyoles with the men's coxless pairs, the men's coxed fours, the women's coxless pairs, the women's coxless fours, the women's double sculls, the men's double sculls and the men's single sculls; canoeing: The men's C1 and the women's K1 wild-water finals from Le Seu D'Urgell; gymnastics: Reviewing last night's men's individual final; shooting: The latest shooting medallists; table tennis: The last 16 in the men's singles. Also racing from Goodwood and Football – results of opening day from Scottish League.

**4.45 News.**

**4.55 Regional News and Sport.**

**5.00 Olympic Grandstand.** Including at 5.15 The women's 100m semi-finals. 5.30 The start of the women's marathon. 5.35 Men's 100m semi-finals: Will Britain's Linford Christie be favourite to take Carl Lewis' Olympic title? 5.55 Men's *800m second round: Scotland's* Tom McKean hopes to fare better than four years ago when he was *disqualified* at this stage. 6.20 Women's javelin final: Tessa Sanderson aims to add to her 1984 Olympic gold. 8.25 Women's 800m semi-finals. 6.45 Women's 100m final. 7.00 Men's 100m final: 7.50 Women's *marathon* finish. Times may vary.

**8.10 Film: Brewster's Millions.** A baseball player has a month to spend $1m. Starring Richard Pryor *(1985).*

**9.45 News and Sport; Weather.**

**10.05 Olympics Today.** Including athletics: Highlights of the track and field events on day eight of the competition: Gymnastics: The four women's apparatus finals with the asymmetrical bars, floor, beam and vault. Hockey: Highlights of Britain's fourth group match in the men's competition against Argentina. Judo: The men's and women's half-lightweight finals. Football: The quarter-finals. *Weightlifting: The* middle-heavyweight final.

**12.00 Film: Swamp Thing** starring Louis Jourdan (1982).

**1.30 Weather.**

**1.35 Close.**

### BBC2

8.40 Open University.

**3.00 Animation Now.** Music, comedy and song with Stanley and the Dinosaurs.

**3.15 Film: War and Peace.** Epic based on Leo Tolstoy's classic novel. After his armies have conquered Europe, Emperor Napoleon Bonaparte turns his forces toward Russia and prepares for his greatest battle. Starring Henry Fonda, Audrey Hepburn, Mel Ferrer, Herbert Lom and Anita Ekberg (1956).

**6.35 Personal Details.** *The first of six* films originally made for the Open University, bringing the programmes to a wider audience. Professor Stuart Hall investigates how ageism affects people's perceptions of themselves and others. Are people as old as they feel, or as society allows them to feel?

**7.05 News and Sport; Weather.**

**7.20 Columbus and the Age of Discovery.** *The explorer's* second voyage in September 1493. Columbus' twin goals; to find gold and bring colonisation and Christianity to Hispaniola, ended in failure. This often-destructive progress of colonialism led to a debate in Spain about the native's rights in the New World.

**8.10 Olympic Grandstand.** Including athletics: The women's 10,000m heats. Britain's World Championship golden girl Liz McColgan seeks a comfortable journey in the heats before Friday's final. Plus, the men's 100m sprint. Will British captain Linford Christie be in the final and improve on his silver medal of four years ago? Rowing: The men's coxless pairs: Steve Redgrave and Matthew Pinsent aim for their third gold.

**10.05 Video Diaries.**

**11.05 Film: Stardust Memories.** Comedy drama about a film producer's problems with fame and fortune. Written, directed by and starring Woody Allen. (1980).

**12.35 Close.**

### LWT

6.00 TV Am. 9.25 Film: The Prince and the Pauper. 11.30 The Mountain Bike Show. 12.00 The ITV Chart Show.

**1.00** *ITN News; Weather.*

**1.05 LWT News; Weather.**

**1.10 The Makita Football Championship.** Nottingham Forest v Sampdoria; Leeds United v Stuttgart. Ian St John introduces action from this four-team invitation tournament at Elland Road, Leeds. The winning sides from each match will compete in tomorrow's final. Commentary by Brian Moore and John Helm.

**5.00 ITN News; Weather.**

**5.05 LWT News; Weather.**

**5.15 Cartoon Time.**

**5.30 Haggard.**

**6.00 Catchphrase.**

**6.30 The Upper Hand.**

**7.00 Film: You Only Live Twice.** James Bond is sent on a mission to Japan and discovers that his old adversary, Ernst Stavros Blofeld, is making a bid for world domination. Starring Sean Connery and Donald Pleasence (1967).

**9.05 Sam Saturday.** The kosher crime-buster (Ivan Kaye) investigates a suspicious cot death. Sam also bargains for information with a tough criminal (Steve Swinscoe) who wants to be released on remand. Doreen Mantle also stars.

**10.05 ITN News; Weather.**

**10.20 LWT Weather.**

**10.25 Tarrant on TV.**

**10.55 Phil Cool.** New series.

***11.25 Spitting Back.***

**11.55 Wolf.** Tony discovers a gun-smuggling gang when he investigates the death of an undercover cop.

**12.55 Get Stuffed.**

**1.00 The Big E.** European life, including fashion, cuisine, entertainment and attitudes.

**2.00 Get Stuffed; ITN News Headlines.**

**2.05 Music from the Bridge.** Profile of Curtis Steigers.

***2.35 Rhythm 'n' Raag; ITN News Headlines.***

**3.05 Indy Car Racing.**

**4.25 Get Stuffed.**

**4.30 The Hit Man and Her.**

### CHANNEL4

6.00 Early Morning. 10.00 One of the Family? 10.30 Australian Rules Football. 11.30 Quizbowl. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

**1.00 Film: Viva Villa.** Historical war drama. A brave rebel risks life and limb in the bloody fight to save his homeland of Mexico. Starring Wallace Beery (1934).

**3.05 In and Out.** Black comedy.

**3.15 Racing from Newmarket.** Introduced by Derek Thompson. Including the 3.20 EBF Colman's Mustard Maiden Stakes, 3.50 Robinson's Barley Water Handicap Stakes, 4.20 Colman's of Nor*wich Stakes (H'cap) and 4.50* Ladbroke Handicap Stakes.

**5.05 Brookside.**

**5.30 Hard Face of the Ogre.** Sheffield climber Paul Nunn's attempt to scale the north face of the Ogre in the Karakorum Himalayas.

**7.00 The World This Week.** Reporting on the chances of Kenyan society becoming more pluralist. Pius Nyamora, publisher of the political magazine Society, talks about corruption and press freedom. Plus, on the eve of Monday's general strike in South Africa, a discussion between two members of that country's black community on the chances for a peaceful settlement.

**8.00 Kingdom of the Plains.** Are leopards savage beasts or caring parents? They were once seen as the ultimate hunting trophy, but Richard Matthews' film captures *the family side of the big cat's* life.

**9.00 GBH.** In the last episode beleaguered teacher Jim Nelson returns to the city determined to make a stand. Shamed councillor Michael Murray faces those who have brought about his downfall. Michael Palin and Robert Lindsay star.

**10.30 Film: Tirez Sur Le Pianiste.** A timid bar pianist is drawn into a world of crime by his brothers, who are on the run from vicious gangsters. Comedy thriller directed by Francois Truffaut, starring Charles Aznavour (1960).(English subtitles).

**12.00 Amber Dreams.**

**12.30 Twilight Zone.**

**1.25 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:**
9.25 Born to Run (1977) 11.05 Cartoon Time. 1.05 Anglia News. 1.10 Starting from Scratch. *1.40 Chequered Flag 2.10 Cartoon Time.* 2.20 Treasure of the Golden Condor (1952) 4.05 WCW Worldwide Wrestling. 5.05 Anglia News and Sport 11.55 Beauty and the Beast

**BORDER:**
1.05 Border News 1.10 Chequered Flag. 1.40 International Triathlon 2.45 Warlords of Atlantis. 4.30 Only Joking. 5.05 Border News and Weather 11.55 Stand Up Virgin Soldiers.

**CENTRAL:**
9.25 Born to Run 11.05 WCW World Wrestling. 11.30 The ITV Chart Show 12.30 ITN News 12.35 Central News 12.40 The Makita Football Championship 5.05 Central News 11.55 Liar's Moon

**CHANNEL:**
9.25 Born to Run 11.05 Cartoon Time. 11.30 Blockbusters 1.05 Diary Dates 1.10 Motor Sport Special 1.40 Devil on Horseback. 3.15 That Riviera Touch 5.05 Channel News. 5.10 Puffin's Pla(i)ce.

**GRAMPIAN:**
9.25 Born to Run. 11.05 Cartoon Time 1.05 Grampian Headlines 1.10 Chequered Flag 1.40 Seall! 2.10 Sea Fury 4.15 WCW World Wrestling 5.05 Grampian Headlines 5.10 Crionagan. 11.55 Stand Up Virgin Soldiers.

**GRANADA:**
9.25 Born to Run. (1977) 11.05 Cartoon Time. 11.30 This is America. Charlie Brown. 1.05 Granada News 1.10 World Cup Triathlon. 2.05 Journey to the *Far* Side of the Sun. (1969) 4.00 *Superstars of Wrestling 4.50 Cartoon* 5.05 Granada News 11.55 Stand Up Virgin Soldiers.

**HTV:**
9.25 Born to Run 11.05 Cartoon Time. 11.30 Zorro. 1.05 HTV News. 1.10 Dogs with Dunbar. 1.40 US PGA Golf 1992. 2.40 Chequered Flag. 3.10 Dirty Money. 5.05 HTV News.

**SCOTTISH:**
9.25 Born to Run. 11.05 Cartoon Time 11.30 Dinosaurs. 1.05 Scotland Today. 1.10 Starting from Scratch. 1.40 Seall! 2.10 Girls at Sea. 3.40 Backstage 3.50 Magic in the Magic Kingdom. 4.45 Scotsport Results. 5.05 Scotland Today. *11.55 My Mother's Secret Life*

**TSW:**
9.25 Born to Run. (1977) 11.05 Cartoon Time. 11.30 The South West Week. 1.05 TSW News. 1.10 This is America. Charlie Brown. 1.40 The A-Team. 2.35 The Mouse and the Motorcycle. 3.30 Girls at Sea (1958) 5.05 TSW News. 5.15 Gus Honeybun's Cartoon Time. 10.20 TSW Weather. 11.55 Stand Up Virgin Soldiers. (1977)

**TVS:**
9.25 Born to Run. (1977) 11.05 Cartoon Time. 11.30 Blockbusters. 1.05 TVS News. 1.10 Motor Sport Special. 1.40 Devil on Horseback. (1954) 3.15 That Riviera Touch (1966) 5.05 TVS News.

**TYNE TEES:**
9.25 Born to Run. (1977) 11.05 Cartoon Time. 11.30 The ITV Chart Show. 12.30 ITN News 12.35 Regional News. 12.40 The Makita Football Championship. 5.05 Northern Life. 11.55 Stand Up Virgin Soldiers. (1977)

**YORKSHIRE:**
9.25 Born to Run. 11.05 Cartoon Time. 11.30 The ITV Chart Show. 12.30 ITN News 12.35 Calendar News. 12.40 The Makita Football Championship. 5.05 Calendar News. 11.55 Sunset Limousine.

## SUNDAY

### BBC1

8.30 Open University. 7.20 But First This: Bunyip. 7.25 Charlie Chalk. 7.40 Playdays.

**8.00 Olympic Grandstand.** Including athletics: The first round of the women's 400m hurdles, and the start of the men's 110m hurdles. Plus, the second day of the heptathlon and the qualifying heats in the women's discus. Rowing: The last seven finals from Banyoles including the men's and women's eights, women's single sculls, women's coxless quad sculls, men's coxed pairs, men's *coxless fours and men's coxless* quad fours. Canoeing: The men's K1 and C2 slalom finals from La Seu d'Urgell. Badminton: The singles and doubles quarter-finals.

**12.30 CountryFile.**

**12.55 News.**

**1.00 Sign Extra: Play for Tomorrow.**

**1.35 Cartoon.**

**2.00 EastEnders.**

**3.00 Eldorado.**

**3.30 Film: Murder on the Orient Express.** Albert Finney plays Belgian detective Hercule Poirot, and Ingrid Bergman won an Oscar for Best Supporting Actress (1974).

**5.30 Cartoon.**

**5.45 Survivors – A New View of Us.** In the last programme of the series, biologist Roger Gentry travels to the remote Pribilof Islands off Alaska to investigate why one million northern fur seals have disappeared.

**6.15 Lifeline.** Cilla Black appeals on *behalf of the charity POD which* entertains sick children.

**6.25 News.**

**6.40 Songs of Praise.** New series. Martin Bashir visits Fraserburgh in north-east Scotland where, as the fishing industry falls on hard times, fishermen and their families join together for the annual harbourside service of the blessing of the fleet.

**7.15 Olympic Grandstand.**

**8.15 Film: Beverly Hills Cop.** Comedy-drama with Eddie Murphy (1984).

**9.55 News and Weather.**

**10.15 Olympics Today.**

**12.00 Film: Long Weekend.** An estranged Australian couple discover the forces of nature are conspiring against them *(1977).*

**1.35 Weather.**

**1.40 Close.**

### BBC2

6.35 Open University. 9.05 Articles of Faith. 9.20 This is the Day. 9.55 Open University. 12.00 Little People, Big Business.

**12.30 Olympic Grandstand and Motorcycling.** Olympics, including athletics: The men's 400m second round, 110m hurdles and high *jump* final. Roger Black, Colin Jackson, Tony Jarrett and Dalton Grant are Britain's hopes. Cycling: The men's individual road race. Canoeing: Will Britain's *Richard Fox be celebrating gold in the kayak singles of the wild-water slalom? Plus, news of the* men's C2 final. Yachting: Boardsailing. Hockey: The British women hope to book a semi-final place in the last group match against New Zealand. Tennis: Third round singles from Vall d'Hebron. Motorcycling: Live coverage of the 500cc British Grand Prix from Donington Park.

**7.15 Life on Earth.** Investigating how many human skills are a direct result of tricks developed by *monkeys* and primates to cope *with life in the treetops. Including* David Attenborough's legendary encounter with a group of African mountain gorillas and Japanese ground-dwelling monkeys who take tepid baths to keep warm during winter.

**8.15 Olympic Grandstand.** Desmond Lynam presents action from the day's events.

**9.05 The British Motorcycle Grand Prix.** Highlights of today's 500cc motorcycling event from Donington Park.

***9.40 From the Proms.*** *From the Royal* Albert Hall John Eliot Gardiner conducts two Biblically inspired works. The first is Handel's Israel in Egypt, and the second is Alexander Goehr's new work The Death of Moses. During the interval, Goehr talks about the land and poetry that inspired his latest piece. Soloists Nigel Robson (tenor) and Michael Chance (counter-tenor) are accompanied by the English Baroque Soloists, the New London Children's Choir and the Monteverdi Choir and Instrumentalists.

**11.30 Moviedrome.** Introducing tonight's film.

**11.35 Film: Lolita.** James Mason and Shelley Winters star in the controversial story of a man who becomes infatuated with a nymphet (1962).

**2.05 Close.**

### LWT

6.00 TV-am. 9.25 King of the Grizzlies. 10.15 *The Littlest Hobo. 10.45 Link. 11.00 Morning* Worship. 12.00 Witness. 12.30 pm The Entertainers.

**1.00 ITN News; Weather.**

**1.10 LWT News.**

**1.15 Film: A Boy Named Charlie Brown.** Snoopy and the Peanuts gang star in this animated version of the popular cartoon strip (1969).

***2.45 Lineker and Thorne – Best Mates.*** Behind-the-scenes look at the unique friendship between *football's Gary Lineker and* snooker's Willie Thorne.

**3.15 The Makita Football Championship.** Ian St John introduces the final between the winners from yesterday's matches at Elland Road, Leeds. Commentary by Brian Moore and John Helm.

**5.15 The A-Team.**

**6.15 Cartoon Time.**

**6.30 ITN News; Weather.**

**6.35 LWT News and Weather.**

**6.40 Annie Across America.** Anne Gregg arrives in New York via *Ellis Island, where millions of* hopeful Irish immigrants were once admitted as citizens. Anne also joins a police patrol of the Bronx, thought to be the most dangerous square mile in America, and visits the tragic Aids babies in Harlem.

**7.15 The Richard and Judy Show.** Guests are Tom Cruise and Antonia de Sancha.

**7.45 Watching.**

**8.15 Second Thoughts.**

**8.45 ITN News; Weather.**

***9.00 LWT Weather.***

**9.05 Film: Columbo: Sex and the Married Detective.** *The dishevelled detective engages in a battle of* wits with a world-famous sex therapist when he investigates her lover's murder. Starring Peter Falk (1990).

**10.45 TV Squash.** Special guests are Tony Blackburn, Patrick Moore and Tessa Sanderson.

**11.15 Cue the Music.** Mike Mansfield introduces the Irish band Hothouse Flowers in concert from Dublin; *ITN News Headlines.*

**12.15 The ITV Chart Show.**

**1.20 Get Stuffed; ITN News Headlines.**

**1.25 Film: Black Sunday.** An international terrorist group plans to *blow up the superbowl.* Starring Robert Shaw and Bruce Dern (1977).

***4.05 Night Heat.***

**5.05 Soap.**

### CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Talking Liberties. 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

***1.00 Voyage to the Bottom of the Sea.***

**2.00 Korup – An African Rainforest.**

**3.00 Film: Air Force.** World War Two drama focusing on the crew of a warplane heading for the Pacific. Starring John Garfield and Arthur Kennedy (1943).

**5.25 News.**

**5.30 American Chronicles.** Last of the offbeat documentaries from David *Lynch and Mark Frost. Richard* Dreyfuss narrates the story of the would-be warriors who dress in combat gear and fire automatic weapons - but only at weekends.

**6.00 Bush Tucker Man.** Les Hiddins builds a canoe from tree bark to explore an inland lake. He also journeys to northern Australia, where he visits Arnhem Land and the Gulf Country.

**6.30 The Cosby Show.**

**7.00 Invisible Enemies.** The final programme on history, destiny and *disease examines the threat of* recurring epidemics. Dr Norman Swan argues the story of Aids in the 20th century is similar to the story of syphilis in the 15th century.

**8.00 Europe Express.** Reports on prostitution in Czechoslovakia, the uproar created by the death of two Mafia bodyguards in Sicily, and apartment block caretakers in France who may face life on the streets.

**8.35 Hollywood Greats: Marilyn –** ***Something's Got To Give.*** *Further* controversy surrounding Marilyn Monroe's turbulent acting career. Established Marilyn mythology is contradicted by new evidence and interviews with co-workers on her last film, Something's Got To Give. Also included are confidential documents and unseen footage.

**9.30 Go Fishing.**

**10.00 Film: Miles from Home.** Richard Gere plays a determined farmer who burns down his farm rather than see it taken over by the bank. Kevin Anderson and John Malkovich co-star (1988).

**12.00 Extreme East.**

**12.30 Film: La Peau Douce.** Francois *Truffaut's study of adultery.* A married lecturer has a tempestuous affair with an air hostess. (1964).(English subtitles).

**2.40 Close.**

### REGIONS

**ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-**

**ANGLIA:**
12.25 Countrywide. 12.55 Anglia News. 1.10 Arabesque. (1966) 3.15 Makita Football Championships. 5.15 Cartoon Time. 5.30 Dinosaurs. 6.00 No Turning Back. 6.35 Anglia News.

**BORDER:**
12.30 Gardening Time. 12.55 Border News. 1.10 Sea Fury. 2.55 Animal Country. 3.25 Carry on Behind. 5.00 Scotsport. 6.00 Dogs with Dunbar. 6.35 Border News. 11.15 Family Theatre.

**CENTRAL:**
10.20 Heidi 12.30 Gardening Time. 12.55 Central News 1.10 Makita Football Championships. 5.15 Classic Candid Camera. 6.35 Central News 9.00 Local Weather 11.15 Dangerous Women.

**CHANNEL:**
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 A Tale of Two Critters. 2.05 Cartoon. 2.10 Nicholas and Alexandra. (1971) 5.30 House Style. 6.00 Tell the Truth. 6.35 Channel News.

**GRAMPIAN:**
10.45 Children's Island. 11.15 Journeys. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 1.10 Jerusalem – of Heaven and Earth. 1.40 Pride of the Yankees. (1942) 4.00 Scottish Masters Bowls. 5.00 Scotsport. 6.00 The Way It Was. 6.35 Grampian Headlines. 11.15 Prisoner: Cell Block H.

**GRANADA:**
10.20 Heidi. 12.25 Young Up Front. 12.55 Granada News 1.10 *The River Thames. 1.40 Challengers* Trophy. 2.40 The Biggest Bank Robbery. (1980) 4.35 Matlock. 5.30 Coronation Street. 6.35 Granada News 11.15 Prisoner: Cell Block H.

**HTV:**
12.30 Farming Wales. 12.55 HTV News. 1.10 Press Your Luck. 1.40 Tennis. 2.15 Wilderness. 3.15 WCW Worldwide Wrestling. 3.55 Funny Lady. (1975) 6.35 HTV News.

**SCOTTISH:**
9.25 Spaceways. (1953) 10.45 Heidi. 11.15 Link. 11.30 Right or Wrong. 12.30 Scotland's War. 12.55 Scotland Today. 1.10 Taxi. 1.40 The Fall of the Roman Empire. 5.00 Scotsport. 6.00 Bullseye. 6.35 Scotland Today. 11.15 Eleni.

**TSW:**
12.30 TSW Farming Week. 12.55 TSW News. 1.10 Doctor in Love. (1960) 3.00 Off the Hook. 3.30 Satan Never Sleeps. (1962) 6.00 The Mountain Bike Show. 6.35 TSW News. 9.00 TSW Weather. 11.15 Highway to Heaven

**TVS:**
12.30 TVS News. 12.35 Heidi. 1.10 A Tale of Two Critters. 2.05 Cartoon. 2.10 Nicholas and Alexandra. (1971) 5.30 House Style. 6.00 Tell the Truth. 6.35 TVS News.

**TYNE TEES:**
12.25 The Intruders. 12.55 Regional News. 1.10 Makita Football Championships. 5.15 Cartoon Time. 5.30 Highway to Heaven. 6.35 Regional News. 11.15 Prisoner: Cell Block H.

**ULSTER:**
12.30 Duels of the Mind. 12.55 Ulster Newstime 1.10 Gardening Time. 1.40 Taking a Stand. 2.10 Highway to Heaven. 3.05 Nine Hours to Rama. 5.30 Coronation Street. 6.35 *Ulster Newstime* 11.15 Prisoner: Cell Block H

**YORKSHIRE:**
12.25 Nawrang. 12.50 Calendar News. 1.10 The Makita Football Tournament. 5.15 Cartoon Time. 5.30 The Ultimate Stuntman. 6.35 Calendar News. 11.20 Massacre in Rome.

# RADIO

## SATURDAY

**BBC RADIO 2**
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Mark Wynter. 1.00 Hello Cheeky. 1.30 Jimmy's Cricket Team. 2.00 Sounds of the Fifties. 3.00 Steve Race.

4.00 Judith Chalmers' Hi Days and Holidays. 5.00 Cinema Two. 5.30 Music By. 6.00 Katie and Friends. 7.00 Beat the Record.

7.30 Celebration for the Spire. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

**BBC RADIO 3**
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Record Release.
11.15 Czech Philharmonic Orchestra.
1.00 News.
1.05 Things Lived and Dreamt.
2.15 Gilbert and Sullivan.
4.05 Fine Arts Brass Ensemble.
5.00 Jazz Record Requests.
5.45 Mozart on Record.
6.45 Haydn and Mendelssohn.
7.30 Proms 1992.
9.55 Ulysses. First of a 15-part adaptation by John Scotney.
10.25 Aldeburgh Festival 1992.
12.00 News.
12.05 Close.

**BBC RADIO 4**
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 On the Hour.
10.30 The Marx Brothers' Flywheel, Shyster and Flywheel.
11.00 Talking Politics.
11.30 Europhile.
12.00 Inside Money.
12.25 They Think It's all *Over.*
1.00 News.
1.10 Call to Account.
2.00 Wilko's Weekly.
2.30 Saturday Playhouse.
3.45 The Other MCC.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Grand Tour: London.
6.00 News and Sports Round-up.
6.25 Little Blighty on the *Down.*
6.50 SOS.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Sitting Targets.
11.00 Tingle Factor.
11.30 Second That Emotion.
12.00 News.
12.30 Close.

**BBC RADIO 5**
6.00 World Service: Newshour.
6.30 Danny Baker.
9.30 Ross King.
12.30 Caron Keating.
2.30 Terry Wogan.
6.30 Five at the Olympics, with John Inverdale.
10.15 On the Level.
12.00 Close.

**WORLD SERVICE**
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk.
*8.30 As I Recall. 9.00 News;* Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary.
11.01 Jazz Now And Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour.
3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English.
5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German.
8.00 Counterpoint. 8.30 Europe This Weekend. 9.00 News; Olympic Sportsworld. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 Play Of The Week: Top Girls. 3.00 Newsdesk.
3.30 The Columbus Encounter. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business *Review. 4.45 News and* Press Review in German.

## SUNDAY

**BBC RADIO 2**
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell.
4.00 Serenade in Brass. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour.
9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark *Wynter. 1.00* Charles Nove. 4.00 Alex Lester.

**BBC RADIO 3**
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 *Sounds Like Bach?*
12.35 Archduke Rudolph of Austria.
1.00 News.
1.05 BBC Scottish SO.
2.30 Eder Quartet.
4.10 Royal Scottish Orchestra.
5.15 Opera News.
6.00 Towards Bach.
6.40 French Cello Sonatas.
7.30 Proms 1992.
9.30 Sunday Play.
10.30 Revolutionary Studies.
11.40 La Procession Nocturne.
12.00 News.
12.05 Close.

**BBC RADIO 4**
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 The Rt Hon Lord Archer *of Sandwell QC.*
9.00 News.
*9.10 Sunday Papers.*
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 Damn, Damn, Damn the Communist Party Man.
4.47 Dust Devils.
5.00 Down Your Way.
5.40 Smith in Shining Armour.
6.00 Six O'Clock News.
6.15 The Village.
6.30 Europhile.
7.00 Your Place or Mine.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 Natural History Programme.
9.30 *Special Assignment.*
10.00 News.
10.15 Posters of Montmartre.
11.00 The Board Game.
11.30 Seeds of Faith.
11.45 Before the Ending of the Day.
12.00 News.
12.30 Close.

**BBC RADIO 5**
6.00 World Service: Newshour.
*7.00 Waterlines.*
7.30 Danny Baker.
9.30 Ross King.
12.30 Caron Keating.
2.30 Terry Wogan.
6.30 Five at the Olympics with John Inverdale.
10.00 Open University.
12.10 Sounds Technical.
12.30 Close.

**WORLD SERVICE**
BBC for Europe can be *received in Western Europe* on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent.
8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Seeing Stars. 10.30 Folk in Britain. 10.45 Sports Roundup.
11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Play of the Week: Top Girls. 2.00 Newshour. 3.00 News Summary. 3.01 Shelley. 3.30 Anything Goes.
4.00 News. 4.15 BBC English. 4.30 News in German; *German Features.* 5.00 News; Travel News; BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German.
8.00 The Musician's Musician. 8.30 Europe Tonight. 9.00 News; Olympic Sportsworld. 9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Seeing Stars. 11.30 Letter From America. *11.45 Sports Roundup.*
12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; With Great Pleasure. 2.45 Rites of Man. 3.00 Newsdesk. 3.30 Composer Of The Month: Frederic Chopin.
4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead; Travel. 4.45 News and Press Review in German.

# CHESS/BRIDGE

BOBBY FISCHER, the chess world's eccentric genius, is poised to return to the board after a 20-year absence. Fischer has signed up for a $5m (£2.6m) rematch against Boris Spassky, the man whose world title he took in 1972. The starting date is September 2, the anniversary of the end of their Reykjavik series.

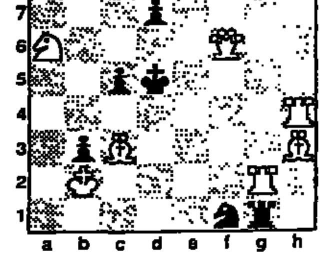
Chess fans argue whether Fischer or reigning champion Gary Kasparov is the greatest ever. Bobby was the youngest US champion and international master at 14, a grandmaster at 15. In 1971 he won 20 games in a row, most of them in world *title eliminators; then* he was the only player to break 40 years of Soviet monopoly of the world title.

Fischer's career was littered with walkouts and quarrels. His comeback, too, has a bizarre setting. The record prize fund is financed by Jezdimir Vasiljevic, owner of the Belgrade-based Scandibank, whose declared aim is to break UN sanctions against Serbia. "By bringing Fischer here we have broken the blockade. The world hit us and we have at least returned one punch", said the banker.

Symbolically, the match will start in the late Marshal Tito's villa on an island 40 miles from shelled Dubrovnik. Fischer has inserted a clause in his contract that if firing can be heard at the match venue, he can choose a new location.

Bobby still regards himself as world champion, since he lost his title by default rather than at the board. Though the Spassky match has no official status, Fischer will have a moral right to challenge Karpov and Kasparov if he wins impressively. It is a big "if" for a man of 49 who has not lifted a pawn in anger since 1972. But Fischer says he has studied the Kasparov-Karpov games, found many mistakes, and "can prove they were fixed".

**CHESS No 934**



White mates in two moves, against any defence (by R T Lewis, 1985). A stiff test.

*Solution Page XIV*

***Leonard Barden***

TODAY'S hand comes from rubber bridge of good standard:

| | | |
|---|---|---|
| | N<br>♠ 10 9 3<br>♥ A Q<br>♦ A 8 7 4<br>♣ A K J 7 | |
| W<br>♠ 6 2<br>♥ 10 8 6 5 2<br>♦ Q J 10 5<br>♣ 10 2 | | E<br>♠ 5<br>♥ K J 9 4<br>♦ K 9 3 2<br>♣ Q 9 8 5 |
| | S<br>♠ A K Q J 8 7 4<br>♥ 7 3<br>♦ 6<br>♣ 6 4 3 | |

North dealt at game all and opened the bidding with one no-trump, to which South replied with three spades. With three aces, a maximum no-trump and reasonable trump support, North might well have said four clubs, accepting spades as trumps and showing his club control, but he bid four spades.

South, however, now introduced the Blackwood four no-trumps and, after the encouraging response of five spades, went six spades. This ended the auction.

West led the diamond queen and declarer took stock. There were 11 tricks on top and a finesse in hearts or clubs could provide the 12th. But the expert South saw a better way – an endplay against East.

Winning West's diamond lead with dummy's ace, he ruffed a diamond high in hand, crossed to the spade nine and ruffed another diamond, crossed again to the spade 10 and ruffed the last diamond.

Now he led a low club, *intending to finesse dummy's* seven. This would endplay East and force a return that would give the 12th trick. But West was too experienced to be caught like that and put up his club 10. Unperturbed, the declarer won with the king and returned to hand with a spade.

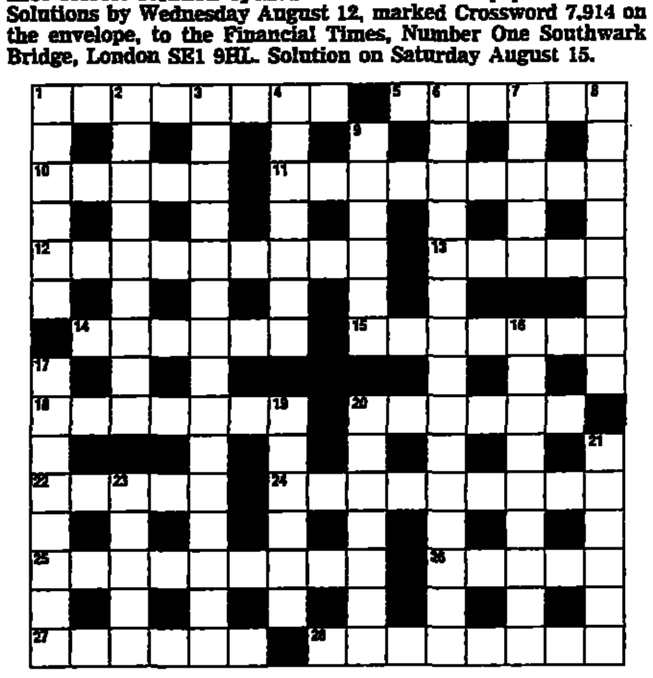
The fall of East's diamond king on the fourth round had shown that the trump on the table was no longer needed, as the endplay did not include the ruff discard element. A second club was led. This time, South finessed the seven and East had to take. He was trapped. Either a heart or a club gave South his slam.

***E.P.C. Cotter***

# CROSSWORD

## No. 7,914 Set by ADAMANT

**A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday August 12, marked Crossword 7,914 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 15.**



Name.....................

Address.....................

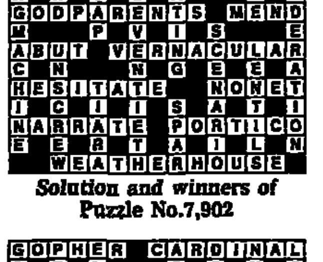
**ACROSS**

1 Fish on the Severn, perhaps, *with someone sitting beside you* (2-6)
5 Disney, he made a *lot of money* (6)
10 Characteristic skill over it (5)
11 *Fashionable code upset by* spirit of bad behaviour (9)
12 He swore it could be quite different (9)
13 Fly from a ship in distress (5)
14 Pressing the man on early settlement (6)
15 Early start over cueing is improving one's stock (7)
18 Money in London or Tokyo but not New York (7)
20 Starts, for example, in cases of *wine* (6)
22 Diplomats poured oil over the document (5)
24 VIP treatment for setter in the Rolls Royce? (3,6)
25 Descant that cannot be done without (9)
26 *About the unknown law* (5)
27 In France he took his girlfriend round to make some eyes open wide (6)
28 Stormy style, rub out (8)

**DOWN**

1 Material not over the bed at first (6)
2 Hated the other part going up to the danger zone (5-4)
3 One who does not mind his own business (15)
4 *It is let out to chosen supporter* (7)
6 Looks at the stock market? (8,7)
7 To make a sudden pitch, curl round the hospital (5)
8 Pining for semi unfortunately taken into pawn (8)
9 Heard about the initial elm stick (6)
16 Nice to have Tyneside writer for such a small sum (9)
17 Not the place one wants to hang *around* (8)
19 A Ravel composition, "The Ghosts" (6)
20 *Doctor to ring bell outside for a* sleeping bag (3-4)
21 Mean to mix the drink in a place *of debauchery* (6)
23 Tag left on murder victim (5)

**Solution to Puzzle No.7,913**



***Solution and winners of*** **Puzzle No.7,902**

Miss B. Allen, Moseley, Birmingham; Mrs S. Amor, Devizes, Wiltshire; Mrs D. Belcher, Chipping Campden, Glos; G. Hale, Steyning, Sussex; D. Jamieson, Liverpool; Helen Smith, South Molton, Devon.

# The case for lateral thinking

*Richard Tomkins pulls the drawstrings on the public purse*

THE 1980s epic *Raise The Titanic* cost $36m to make, but it was not a successful film. In fact, it turned into one of the biggest box office turkeys of all time. Afterwards Lord Grade, the showbiz magnate who made it, famously observed that it would have been cheaper to lower the Atlantic.

A decade later, as the British economy flounders, we need more of Lord Grade's lateral thinking if growing public spending is to be brought under control.

The trouble is, most people in Britain are useless at lateral thinking. To take an obvious example, everyone knows it is cheaper to put a sailing boat on a low-loader lorry and park it in a central London car park than to berth it in a Solent marina. But drive into the underground car park behind John Lewis in Oxford Street any day of the week, and what do you find it full of? Cars.

In one sense, civil servants are an exception to this rule: they are highly imaginative when it comes to spending more money. When asked to save it, however, they tend to revert to type. Thus it is incumbent on the rest of us to help the chancellor find the spending cuts he needs.

A good starting place might be the defence ministry. To cancel Britain's one-third share in the £20bn European Fighter Aircraft project would jeopardise 40,000 jobs, it is said. But if employment is the best reason for going ahead with the project, you do not need Lord Grade to tell you that it would make more sense to give the 40,000 workers £100,000 each to start up their own businesses, and keep the £2.7bn change.

And what of that £10bn folly, the Trident submarine? Investing sums as vast as this in countering the submarines of the former Soviet bloc is surely insanity when, for a fraction of the cost, you could buy the former Soviet fleet and scrap it.

Next might come the Department of Social Security. Some £26bn a year is spent on old-age pensions. Clearly this is an area where the search for economies needs to be balanced with compassion: subsidising the provision of hazardous sports for the elderly, for example, might be regarded as distasteful. On a more populist note, however, the welfare budget could be slashed by offering "new age" travellers and drop-outs £1,000 each and a ticket to the foreign destination of their choice provided they promised never to come back.

After that, the criminal justice system. Whoever came up with the idea of criminalising crime committed a catastrophic blunder: far from restricting its spread, all it has succeeded in doing is driving it underground. It is time to recognise this mistake and legalise crime. If the £8bn a year saved by the abolition of the criminal justice system were to be redistributed among potential wrong-doers, they would be so busy spending the money that they would lack both the time and inclination to offend.

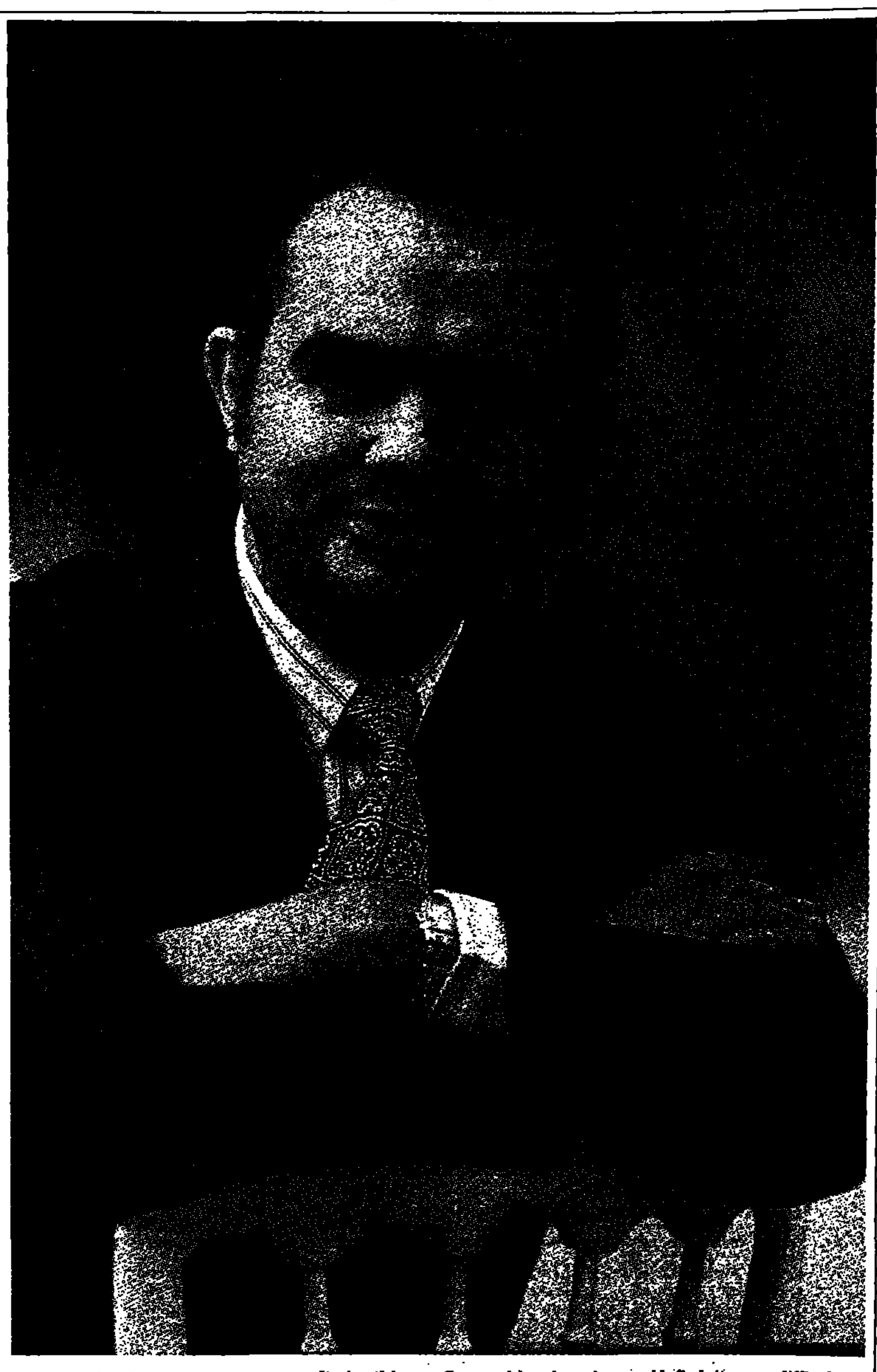
In fact, there is barely an area of government policy where you cannot find scope for whopping savings. Take transport: some branch lines are so heavily subsidised that it would be cheaper to close them and put chauffeur-driven limousines at the disposal of their passengers. Education? It surely makes sense to match the number of university places with the demand for graduates instead of stuffing people's heads with useless knowledge. The arts? Cut the colossal subsidies to opera by offering everyone turning up at Covent Garden £50 to go away and have a nice meal instead. Economic forecasting? Save money and improve accuracy by sacking the Treasury economists and replacing them with someone flipping a coin. (At least he would get it half right).

Maybe these suggestions sound barmy. But back in the 1980s, people used to say that the coal and steel industries consumed such huge subsidies that it would be cheaper to pay their employees to stay at home. So what happened? We did. And what merriment there was when someone suggested it might be cheaper to pay farmers to stop growing things than to go on subsidising the production of food that could not be sold. No one is laughing now.

If Britain's economy is to be put back on an even keel, therefore, the imagination must be given its head. And to those who criticise lateral thinking as bogus, I say only this: if that kind of blinkered, small-minded attitude had prevailed at the beginning of the century, the Titanic might never have been built.

# Lean times for a man with a taste for the grand style

*The insouciant Christian Lacroix, one of the last of a dying breed of couturiers, speaks to* ***Alice Rawsthorn***



CHRISTIAN Lacroix is clever, courteous, cultivated and charming, but also one of the last of a dying breed. Lacroix is a fashion designer, not just any old designer, but a Paris couturier in the grand style with an opulent *hôtel particulier* on the rue Faubourg Saint Honoré where an *atelier* of skilled seamstresses pore painstakingly over the designs he unveiled at his *haute couture* show last Sunday.

Five years ago when Lacroix set up his couture house, the first to open in Paris for over a decade, he was hailed as the bright young designer who was going to breathe new life into high fashion. Today he is still in business and last Sunday's show was a critical triumph. But it is almost inconceivable that another new designer would be launched today in the same grand style as Christian Lacroix.

"Times change," he says serenely from the leafy garden of his *hôtel* a few doors away from the Elysée Palace. "Five years ago we were living in an era of luxury, Dallas, Dynasty and easy money. Fashion designers were style dictators telling people what to wear. Today things are different. People are less materialistic, more introspective. Designers must find a new role."

Lacroix, 41, fell into fashion by accident. He was born in Arles in southern France. His father was an engineer from protestant stock in the mountainous Cévennes region, "very strict, very sober, very moral", his mother's family was Provencal, "warm, exuberant, theatrical".

He studied art history at university with the vague idea of becoming a curator in the costume department of a museum. Design did not appeal at the time. "This was the early 1970s. My own style was a combination of Katmandu hippy and Bloomsbury Bohemian. Designers did not seem relevant and I was never interested in becoming an old-style couturier, a technician like Balenciaga or Christian Dior."

But by the mid-1970s a new group of young designers, led by Claude Montana and Thierry Mugler, was emerging in Paris. A friend took him to see a Mugler show. "It was wonderful – like a 1940s movie. Mugler treated his collection as a form of theatre to express his ideas. I had found what I wanted."

Like most young designers he started off as a freelance. He had one contract in Italy to make shoes for high class hookers and another in Japan designing dresses for the princesses at the Imperial Palace. "I was a mercenary. I loved it."

He made his name in the early 1980s through his funky couture collections for Jean Patou, one of the more obscure Paris houses. In 1987 he was introduced to Bernard Arnault, now chairman of LVMH, the global luxury goods group, then a *very* ambitious young French businessman.

Arnault saw Lacroix as someone who could attain the same stature as the great French fashion designers, Christian Dior and Coco Chanel. The pay-back, or so he calculated, would come from the string of licensed products, the scents, cosmetics and sunglasses, bearing the Lacroix name and the cachet of his fashion collections.

At the time it all seemed to make sense. The luxury goods business was booming. Lacroix looked like a role model for the modern fashion house with Arnault taking care of the finances. He paid for everything from the seamstresses' wages to the Garouste and Bonetti bill for the pink and orange interior of the *hôtel*. All Lacroix had to do was to deliver his collections – and lots of glossy photographs of his *haut* Bohemian lifestyle in the fashion magazines – so that Arnault could market his élan.

> *For all his talent, if Lacroix was starting off today he would find it very difficult to persuade anyone to set him up in his own house*

Christian Lacroix kicked off with couture and then launched *prêt à porter*. He has since opened shops: the next opens on Monday on London's Sloane Street. He has signed licences for everything from men's ties to women's tights. Two years ago he, or rather Dior Parfums, another part of the Arnault empire, launched C'est La Vie!, the perfume with which his backer hoped to recoup his £18m investment in the couture house.

In retrospect Arnault's timing could scarcely have been worse. Lacroix staged his first couture collection in Paris to rave reviews in July 1987. Three months later he took it to New York arriving on the eve of the stock market collapse. "We held the show in the Wall Street district. It was terrible. There had been three suicides already that day. No-one was in the mood for Parisian frivolity."

Bernard Arnault has yet to see a single cent back from his investment. The couture collection is still losing money and *prêt à porter* has been fraught with production problems. Most worrying of all, C'est La Vie!, which has cost LVMH £17.5m, is not a success.

"It's the recession," says Lacroix. "People talk about our losses, but Bernard Arnault sees us as an investment, a long term investment. We always knew we would lose money for the first five years. If it wasn't for the recession we would be making money next year. Now, who knows?"

Beneath the veneer of insouciance he must be worried that Arnault could decide to cut his losses and close the house of Lacroix. From time to time the Paris fashion world ripples with rumours that Arnault is about to do just that and to dispatch Lacroix to Christian Dior, another of his fashion houses.

So far the rumours have proved unfounded. Arnault can have few complaints on the creative front. Lacroix has his critics in the fashion press, but they are easily outnumbered by his fans led by the redoubtable Suzy Menkes, fashion editor of the International Herald Tribune, who faithfully flaunts his gaudy suits from the front row of every show.

Moreover, as Arnault must be well aware, Lacroix is seen as an institution in France, where fashion designers are feted as national treasures. Any attempt at closing the house could be catastrophic for Arnault's public image. He made a rare appearance at last Sunday's couture show as if to signal his support for his designer. "So far Bernard Arnault has had the courage and vision to support us," says Lacroix. "Let's hope he continues."

In the meantime, Lacroix is left to fulfil his side of the bargain, by concentrating on design. This is a turbulent time for the fashion world. The 1980s was an era when everything, not only the economic environment, but also the cultural climate of conspicuous consumption, seemed favourable to fashion designers.

The climate has changed. Conspicuous consumption has faded, as much because of environmental concerns as recession. The elitism of designer clothes is as alien to today's 20 year-olds, the "rave" generation, as it was to their hippy predecessors, like Lacroix himself, in the early 1970s.

"There has been a return to the values of the early 1970s," says Lacroix. "People are no longer interested in clothes as status symbols, to show how much money they have. Instead they see them as a form of self-expression. As designers we have to use our instincts to interpret the new mood."

So far the designers' response seems to have been to panic and to fling themselves to ever-greater extremes of opulence. Fashion today is polarised between basics, the functional jeans and T-shirts sold by The Gap, and the *fin de siècle* excesses of designers such as Gianni Versace, Karl Lagerfeld and, some say, Lacroix.

"People say it's immoral to make such expensive clothes at a terrible time of recession, ecological catastrophes and war in Yugoslavia. But that's not a valid issue. The reason my clothes cost so much is because they use beautiful materials, velvets and silks, and are made by hand with great skill. Those are timeless values, part of the French artisan tradition."

It is this craftsmanship, he believes, that will enable the designers to define a new direction. "This is an era when people are concerned with internal values and the quality of life. Couture is all about quality. I would never claim that fashion is a form of art. It isn't. But I do believe that you can get as much aesthetic pleasure from a beautiful piece of couture embroidery as a fine painting or a piece of sculpture. Fashion's role in the 1990s is to explore those rituals."

He may be right. But even if he is, fashion designers seem destined to play a more marginal role in the 1990s, than in the 1980s, with less influence over fashion trends and less appeal to investors.

If Lacroix was starting off today he would find it very difficult to persuade anyone to set him up in his own house, run in the grand style. For all his talent, he would be more likely to be struggling as an independent, or to be designing under someone else's name as he did at Patou.

Christian Lacroix was lucky in meeting the right man, Bernard Arnault, at the right time, just before the recession. "I need the grand style. Some designers can work from tiny rooms running up dresses in cheap fabric and showing them in disused metro stations. Not me. It's the rituals and the tradition of a big house that inspires me. And fashion is the only thing I can do. I don't have the talent for anything else."

# Cleaner Thames tempts salmon to return – after 150 years

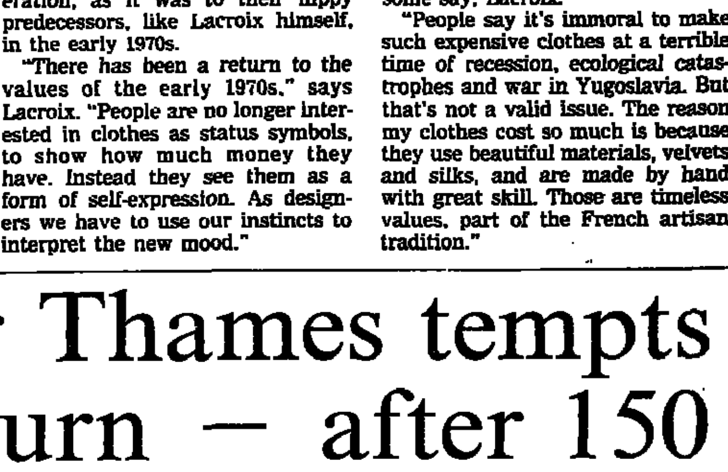
IT IS pleasant, when sauntering across Southwark Bridge to or from that palace of learning and culture which is the *Financial Times*' headquarters, to think that, somewhere in the murky Thames' water swirling beneath one's feet, the silver Atlantic salmon is running again. The appreciation is purely mental, unfortunately. You are as likely to see a salmon there as a mermaid. But not so far upstream, at Molesey, in Surrey, they have been popping up in the National Rivers Authority fish trap in numbers which gladden the hearts of those who have worked long and hard to bring the salmon back.

The whole thing is a minor modern miracle in view of the fact that London's filth had blocked the salmon's way for almost 150 years. Early in Victorian times, the river was no more than an open sewer until an event known as the Great Stink inspired a revolution. A huge raft of suspended faeces came to rest beneath the windows of parliament.

The upshot was the construction of the capital's first sewerage scheme, designed by Sir Joseph Bazalgette. But it was not until after the Second World War that the marvellous transformation of the Thames began – one which should compel admiration throughout continental Europe, where, by and large, the degradation of the great rivers has continued unabated.

Having made the river clean enough for salmon, the old Thames Water Authority decided that salmon there should be. It wanted – understandably, if vaingloriously – to show off what it had done.

The task was immense. To establish a self-sustaining run of salmon, much more than clean water is needed. In particular, the fish has to be able to make its way up-river to spawn at the time of year when it feels the need. Having got there, it must be able to find suitable spawning grounds.



Standing in its way, however, were more than 40 weirs. It was essential to build fish passes – but these cost anything up to £60,000 each and the scientists reckoned that – at the very least – they would have to be installed in the 22 weirs up to Reading, west of London, for the project to have any chance of success. So, five years ago a charity, Thames Salmon Trust, was set up to raise the money.

Enlightened souls such as Sir James Goldsmith and companies like Shell and Siebe, have put their hands in their pockets. So far, a dozen passes are in place, and others are on the way. At the same time, the NRA has continued its work in enhancing the gravel beds suitable for spawning, and introducing juvenile stock.

How admirable and plausible it all sounds. But grave doubts linger. The target of the Thames project is to achieve a run of 1,000 fish a year. When you consider that on a river like the Moy, in the west of Ireland, something like 10,000 salmon are caught each year on rod and line, it can be seen how modest the ambition was.

Yet, in 20 years it has come nowhere near to being realised. In the best year, 1988, the run approached 500. Last year, the confirmed total was 59.

This is no fault of the scientists, who have done their utmost; nor of the Thames Salmon Trust. The causes have been the general fall in the numbers of Atlantic salmon and the successive years of drought. This summer's healthier flows have encouraged a distinct improvement in the migration.

It is, however, worth asking what the benefits would be if a run of 1,000 fish a year was established. In sporting terms it would be almost nil, since the fish would still be too scarce to repay serious angling. Any value would be principally symbolic. It would tell people that something has been done. At what cost, though?

The fish passes up to Reading will have cost around £1m when completed. The NRA's continuing budget adds up to another £1m over 10 years. And all this to nurture and cosset a fish which even those who live by the river are most unlikely ever to see. It is impossible not to speculate on what could be done with such resources to save whole rivers from extinction.

And yet and yet. Having raised the objections, I confess that I am still undecided. Reason suggests that the whole idea was a pipe dream and should have remained such. But having come so far, and having expended such effort, it would seem a terrible shame not to go on, even if circumstances do eventually conspire to sabotage the project. And, yes, it is cheering, even inspiring, to think of this marvellous creature fighting its way against the odds and the current through the heart of London, as it did two centuries ago.

■ The Thames Salmon Trust is anxious to attract individual and corporate sponsors for the fish pass programme. Inquiries to Major John Hyslop, Kings Meadow House, Kings Meadow Road, Reading, Berkshire (tel: 0734-535-544).

***Tom Fort***

# Off to the circus

***Michael Thompson-Noel***

TEARS rolled down my face as the Olympic opening ceremony in Barcelona pulsed towards its climax last Saturday. Of course it was bread and circuses, an astoundingly expensive show choreographed and paid for by some of the top brains on Earth – Washington, the CIA, Peking, Kodak, Coca-Cola, Reebok – so as to keep our minds off the woes that wrack our planet.

But I am a sucker for a circus. "Look at this, Miss Lee," I shouted as my executive assistant entered from the garden where she is supervising the erection of a small Greek temple. "The Spaniards have done us proud. This is mankind at his finest – 21 goosebumps-per-minute in a show costing millions and beamed out to all of us, billions of us little people, sitting in our homes. They are worshipping the old gods. We are reverting to our roots. The planet is going pagan."

Miss Lee was non-committal, but the energy and oomph of the opening ceremony were still paramount in my mind on Thursday when I was summoned to Barcelona by the UK sports minister, who is lurking in a villa high in the hills to the west of the Olympic city.

I did not catch his name, but I was sure it was the sports minister because the topic of our meeting was how to handle the Manchester Olympic Games eight years from now, assuming that Manchester, which is somewhere north of London, succeeds in its bid to stage them. The minister was wearing a variety of sports equipment, including streamlined pixie shoes borrowed from the British cycling squad.

"Hurry up, Julian," he shouted at his secretary as Julian served mineral water. Julian is a taekwondo black belt and a member of the Young Conservatives.

**HAWKS & HANDSAWS**

"Right, Michael," said the sports minister from behind his fencing mask. "Chop-chop, quickie-lickie. Tell me, in 200 words, how Manchester can trump Barcelona when Britain stages the millennial Olympics in 2000. Forget the tedious sport. What about the opening ceremony? John Major is giving me untold millions to secure the Games for Manchester. He'll want his money's worth. Do you think this drugs business will foul Britain's chances?"

"Certainly not," I said. "Drugs are complicated. Who is to say what's what. As for Manchester's opening ceremony, you Tories can score a massive PR coup, for yourselves and for Britain.

"Take sports technology. Britain leads the world. This week's jubilation over Chris Boardman's superbike was not a flash or fluke. I have been talking to the manufacturers. Britain is poised for a golden breakthrough in all Olympic sports. Have you heard about our Stealth javelin? It flies out of the stadium. Or our breakthrough discus? Our leading-edge archery bow or our carbopolyphilla-333 arrows? Our 21st century yachting keels? Our hush-hush rifle with antigrav sights in which Nato is sorely interested? The new British volleyball? Handball? Tennis ball? Boxing glove? Sabre? Swimwear? Hockey stick?"

The minister was scribbling furiously; Julian had started to whoop.

"Some of these British inventions are still in pre-production, but others are set to roll. At the Seoul Olympics four years ago, minister, Britain finished 12th out of 160 nations on the medal table. But my projections show that by the time of the Atlanta Olympics in 1996, Britain will be equipped to win 78 per cent of all available medals. Four years after that: 96 per cent.

"This technological majesty must star in the Manchester show. And it is not just sports equipment. There is plenty more to make a fuss about – Britain's achievements down the ages as well as our current renaissance.

"It was Britain that smashed the atom, invented the egg-timer and the roulette wheel. Also the double-boiler. We invented almost everything. Britain leads the space race. We are discovering miracle processes faster than the Japanese. Our wine makers are peerless, our fashion better than Paris's, our film industry eclipsing Hollywood. And what about our songs?

"Norman Lamont is right, you know. He gets a bad press because of his blow-wave. But there are green shoots everywhere. We're not having a recession, just a bit of a pause."

The minister was stupefied. He said: "Can you stay to dinner?"

"Fraid not," I said. "Must catch a plane. Governor Clinton needs me."